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An Exploration of Firm-customer Relationships in Retail Banking

Ian Clancy
Technological University Dublin

AN EXPLORATION OF FIRM-CUSTOMER RELATIONSHIPS IN RETAIL BANKING

BY
IAN CLANCY BBS

MASTER OF PHILOSOPHY

DUBLIN INSTITUTE OF TECHNOLOGY
FACULTY OF BUSINESS STUDIES

SUPERVISED BY
MR AIDAN O'CONNOR

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Abstract

Establishing relationships with consumers as a means of overcoming the anonymous nature of many business transactions, is not a new concept. However, its implementation as a distinct direction in marketing (Relationship Marketing), is a relatively recent phenomenon. Nevertheless, its focus and direction remains unclear. Indeed, it has been argued that the proliferation of relationship marketing literature and business practice has focused largely on what the firm perceives a relationship to be, while ignoring the distinct viewpoint of end consumers.

This study attempts to address this by exploring genuine relationship development from the consumer's perspective, in retail banking. It takes an exploratory, qualitative approach, by using focus groups with consumers of relatively complex retail banking products. Consumers' perceptions were analysed by drawing on the literature of social psychology to gain a greater understanding of the present state of consumer-bank relationships, and the potential for relationship development in that sector.

It was found that close relationships were largely absent in retail banking due to a depersonalisation of the banking process and the perception that the bank was not interested in developing one. This contrasted with the desire by many consumers for some type of relationship based on trust and commitment. While banking relationships were desired by most consumers, this would not be seen to be with the bank, but would instead be focused on one or more members of staff. Some individuals would be prepared for a technology based relationship, but for many the consumer-staff interaction will continue to determine the perceived strength of any relationship.

In conclusion, it could be stated that although many consumers patronise their bank for a long period of time, this is not due to the presence of a long term relationship based on commitment. As a result many banking institutions have achieved short term competitive advantage based on price or technology, rather than competitive advantage based on mutually beneficial relationships which have the potential to make their customer base immune to competitors' advances.

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Introduction

"To many marketers, a relationship with a customer seems to have come to refer to any situation in which an attempt is made to encourage long term patronage. There appears to have been little effort made to understand what characterises, strong, warm, positive relationships that are likely to endure, as compared with weak, fleeting, or even negative relationships that are doomed to failure".
Barnes, J.G. (1995) "Establishing Relationships- Getting closer to the customer may be more difficult than you think", Irish Marketing Review, Vol. 8. pp. 107-116.

Throughout the last decade and a half, many have fundamentally questioned the basis on which marketing decision making is made. A broadly based philosophy entitled Relationship Marketing (RM) has emerged, which recognises the benefits of establishing long-term mutually beneficial relationships with a wide range of business contacts, including suppliers, employees and end consumers.

RM receives inputs from a wide range of disciplines including, interactive network theory, customer relationship economics and transaction cost analysis. It has become well established not only in marketing theory, but in everyday practice. As yet however, no generally accepted definition exists and indeed, the emphasis changes depending on the author and the context in which it is used. It has become somewhat of a 'buzzword', and may be seen by many to be the answer to all marketing problems, without fully recognising that different situations require different approaches and solutions.

This may be due to the fact that much of the literature in the relationship marketing area has concentrated on relationships from the perspective of the firm. However, it has been suggested that in order for an organisation to pursue a successful relationship strategy, it is essential to understand the important elements of relationship development from the point of view of end consumers. It has been argued that relationships are only appropriate if they are wanted by the consumer. Some situations and types of interaction, will lend themselves to a relationship strategy, others will not.

The study explores this further in a retail (consumer) bank setting in Ireland.

Chapter One examines the reasons for the development of relationship marketing, including the limitations of the marketing mix concept, and the change of emphasis from discrete transactions to long term relationships. It goes on to look at the important elements necessary for relationships to develop. It draws on the literature of social psychology to gain an insight into the development of interpersonal relationships. This should lead to a better understanding of marketing relationships in general. It then explores the dimensions which have been identified as being important in the development of relationships in a marketing context. Finally, it examines situations where relationships between customers and organisations are most appropriate.

Chapter Two builds on this by looking at the relationship literature in a retail bank context. Firstly, it looks at the evolving nature of financial services marketing in general, and bank marketing in particular. It looks at the characteristics of bank marketing, and goes on to examine the potential for relationship development in this area, including the barriers to relationship development. Ways of overcoming these barriers are then explored. The chapter concludes by outlining situations where relationships are more likely in banking, for example, when there is regular personal interaction through the branch network, and when the consumer is dealing with more complex products.

Chapter Three is a review of the Irish retail banking industry. This includes an analysis of the structure, ownership, and supervision of Irish banking. It goes on to look at profits made by Irish banks, and the attitude of Irish people to banks in general. It concludes with an analysis of the major changes facing the industry, by looking at the volatile environment in which it operates. It then examines how well placed Irish banks are to meet these challenges.

Chapter Four outlines the research methodology required to meet the objectives of the study. This chapter begins with the research questions which the study attempts to answer. A rationale is given for the use of an exclusively qualitative paradigm and for the use of focus groups as the research instrument. Issues of reliability and validity are included in this. The sampling procedure is explained, including population definition, sampling method, and sample size. The rationale for the number of focus groups and individuals used for the study, is then explained. The procedures and screening methods employed for recruiting focus group participants are then explored, as well as a description of how the groups were carried out and moderated. Finally, the important elements of the analysis of qualitative data are looked at.

In Chapter Five the research findings are presented which are based on the analysis of the focus group interviews. The findings are presented with reference to the major research questions being explored. These questions relate to the presence or absence of the major dimensions of interpersonal relationships in the consumer/bank interaction, and also the focus of any relationships which develop. The chapter concludes by examining whether some consumers are more prone than others, to establishing relationships, and whether a relationship is more likely for more complex products.

The Sixth chapter draws conclusions from the research findings, comparing these findings to the present literature in retail banking and consumer relationship marketing. Based on these findings, it suggests potential avenues for future research.

Chapter One

Literature Review

Relationship Marketing

1.1 Introduction.

Relationship Marketing (RM) has been widely practiced down through the ages by people who did not even realise they were doing it. However, it is only in relatively recent times that RM has emerged as an important activity in the area of marketing. To date, there is some confusion as to its meaning, and little consensus as to how it should be implemented. In short, it has come to mean different things to different people.

Firms have always attempted to establish close relationships with their customers. Traditionally, in smaller enterprises, perhaps set up and managed by one person, many individual customers would have been well known to the proprietor and staff. This enabled individual attention to be given to the needs of each customer. Over time, as organisations got larger, and regular person to person contact became more difficult to achieve, the opportunities for relationship development diminished (Palmer and Bejou 1994).

Short term focus on individual transactions in many situations, became the norm in the nineteenth century, to the detriment of the long term relationships between business-to-business, and business-to-consumers (Buttle 1996). This approach has been seen by many to have failed in an environment where establishing and maintaining long term relationships with customers is critical to organisational success (Berry 1983; Gronroos 1990). Increasingly competitive marketplaces have meant that products and services alone are inadequate for a company to gain competitive advantage (Palmer 1994). RM attempts to address this by recognising the need to establish and manage these relationships so that the objectives of both parties are met.

Rather than constantly searching for new customers, the value of retaining and meeting the needs of existing customers is recognised to be both economically and operationally beneficial for firms (Christopher et. al. 1991). It includes not only relationships with customers, but involves a whole range of contacts including suppliers and employees. Instead of marketing 'at' customers as has been the norm for many in the past, the emphasis has switched to marketing 'with' customers. The literature on RM has common themes running through it, but these are more than offset by a lack of a uniform definition (Buttle 1996). Many see it as a completely new marketing paradigm, others view it as a new direction in marketing rather than a fundamental change.

1.2 Traditional Marketing Theory

The development of traditional marketing theory is based on two central concepts. Firstly, the framework for marketing decision making and secondly, the concept of exchange.

1.2.1 Framework for Marketing Decision Making.

> *" The philosophy of science has always considered classification schemata of paramount importance, especially in the early development of a discipline"*
> (Van Waterschoot. et. al 1992:83)

The literature of marketing (and marketing management), has concentrated on the marketing mix as the central premise on which marketing decision making has been based for decades (Van Waterschoot. et. al 1992). This entered the marketing literature in the middle of the twentieth century, and was based on the idea of the marketer as a "mixer of ingredients" (Culliton 1948). The *marketing mix* concept was introduced in the 1950s and soon became widely used (Borden 1964). This concept states that firms should investigate needs in the marketplace. From their findings, they should develop market segments and products to serve those segments, using the necessary production and administrative resources. In essence the marketer examines the various means of competition and blends them into an optimal mix so that the profit function is optimised or satisfied (Gronroos 1994a). Borden's original marketing mix consisted of 12 parameters and was used not as a definition but as a guideline. Other early writers such as Oxenfeldt (1962) and Frey (1956) sought to itemise a large number of influences on market response that marketers must take into account.

A paradigm is a loose consensus regarding the fundamental nature of a discipline. The scope of the paradigm dictates the important questions in the field and thereby guides research and theory development (Day and Wensley 1983). By this definition of the marketing concept, the 4p's became the most accepted general paradigm for the field (Arndt 1979).

Van Waterschoot et. al (1992) argue that because of its simplicity and *"...easy to remember reproduction of some undeniable basic principles"*, McCarthy's 4ps has survived to become *"...the most cited and most often used classification of the marketing mix"*. Over the years this concept has grown in popularity as a generic business philosophy in a wide range of contexts. The concept itself has remained largely unchanged. Its validity has been taken for granted by most academic researchers, for example, Kotler (1972). Austen (1983) however, believed that a concept should only be a method of classification, not a dominant way of thinking. In effect, it should be an aid to marketing rather than a rigid formula as it has now become. This has led many authors to question its continued usefulness to marketing decision making.

1.2.1 (a) Limitations of the Marketing Mix Concept

> *"It is questionable whether the marketing concept as it has been propagated can provide a basis for successful business at the end of the twentieth century".*
> (Brownlie and Saren 1991)

The marketing model as discussed, was developed in a North American context and was based on assumptions derived from the huge market for consumer goods. The marketing environment into which it was born (i.e. mass market consumer goods, a highly competitive distribution system and a commercial mass media) was highly specific, yet its general use for other environments has been taken for granted rather than formally proved (Gronroos 1989:53). The American Marketing Association, a leading international professional body, seemed to uphold the traditional role of what the marketing function is.

> *"Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas goods and services to create exchange and satisfy individual and organisational objectives."*
> American Marketing Association Source: (Buttle 1996:2)

This reflects a traditional, single transaction based view of marketing, and does not contain any recognition of the long term value of a customer.

Many textbooks follow a marketing mix approach. Gummesson (1993) raises objections to the way marketing is presented in the traditional textbooks. These presentations of marketing, he says, are based on limited real world data. Goods account for a minor part of all marketing, but the textbooks are focused on goods. Services are dealt with as a special case. Marketing to consumers dominates textbooks, while industrial/business marketing is treated briefly. The textbook presentations are a patchwork, new knowledge is piled on top of existing knowledge but not integrated with it (Gummeson 1993).

Many have argued that the overall concept has assumed *"...many of the characteristics of an ideology or article of faith"* (Brownlie and Saren 1991:35). These authors believe that the way the marketing concept developed in the business literature, enabled it to become ideological rather than conceptual. It was seen to be challenging the old sales and production concepts and sweeping them away into the dustbin of history. Brownlie and Saren (1991) also state that it was viewed as being better suited to the new economic supply/demand conditions and thus became dogmatic in tone. Indeed, Kent (1986 :146) goes further to suggest that the 4p's had become *"...the holy quadruple...of the marketing faith... written in tablets of stone."* He argues that they give an air of simplicity to the marketing function which can lead to generic solutions to fundamentally different situations.

It has also been argued, that by reducing the mix to 4p's it has gained in simplicity and elegance, but lost in substance and validity (Gummesson 1994). Christopher et. al (1991: 8) agree that the simplified list can be misleading if it focuses on the generic categories of product, price, promotion and place rather than undertaking a wider view of their related elements. They go on to say that the 4p model does not recognise the inter-relationships between elements of the mix, nor does it capture the full complexity of the marketing process.

Gronroos (1994b:348) recognises that, because the marketing mix is a list of categories of marketing variables

> *"This way of describing or defining a phenomenon can never be considered a very valid one. A list never includes all relevant elements, it does not fit every situation, and it becomes obsolete."*

Some authors have attempted to overcome some of the deficiencies by expanding the 4P's in order to take into account the needs of the customer, and addressing different conditions prevailing in services and industrial marketing. Booms and Bitner (1982); Kotler (1984); Baumgartner (1991) have all attempted to redefine the core of marketing by recognising that the old model had become too limited. The promotion element of the mix has been subdivided into advertising, personal selling, publicity, and sales promotion, and had been widely followed by most authors, for example Pride and Ferrel (1980); Bagozzi (1986).

The reason for its shortcomings were outlined by Van Waterschoot and Van den Bulte (1992:85). Firstly, the literature does not agree on what exactly the marketing mix is a mixture of. They go on to say that some of the early authors, for example Borden (1964); Frey (1956); Staudt and Taylor (1965) view the elements as *"... procedures, policies and processes (i.e., activities)"*, whereas modern authors such as Kotler (1988:71) depict them *"...as parameters, tools or instruments, (i.e. objects)"*. Secondly, although there exists a general consensus to classify marketing mix elements in the same categories, there is a lack of any formal or precise specification for distinguishing four categories labeled 'product', 'price', 'place' and 'promotion'.

Feree (1983) also believes that the marketing mix model is flawed in that there is much overlapping, for example, between the sales promotion sub-category of promotion, and the advertising and personal selling sub-categories, and with the product, price, and place categories (Van Waterschoot and Voet 1988). The sales promotion category it seems has become *"...a catch all sub-category that is continually growing in importance"*. This has made the overall model unwieldy and *"awkward"* (Van Waterschoot and Van den Bulte 1992:85).

1.2.2 Exchange

> *"A strong case could also be made for considering the notion of exchange and the related concepts of exchange rules and transaction costs, as a general paradigm"* (Day and Wensley 1983:79).
>
> *Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others* (Kotler 1984:4).

Most marketing scholars seem to agree that the exchange relationship is one of the core phenomena in marketing (Barnes 1995; Bagozzi 1975). This can be the exchange of goods, services, money, or anything of value between any two parties, be they buyer and seller, or a firm and its client. The specific instances of exchange can be between economic institutions and consumers in the traditional sense, or expanded to organisations in the broader sense. If the complex series of interactions between two parties can be analysed and understood, then marketing as a function will become clearer (Frazier 1983).

Bagozzi (1975:32) proposed that the core of marketplace behaviour is the exchange of values within different relationships. He goes on to outline what he sees as the all encompassing importance of the concept.

> *"The domain for the subject matter of marketing is assumed to be quite broad encompassing all activities involving exchange and the cause and effect associated with it"*

According to Kotler (1972) and Kotler and Levy (1969) the key to understanding the dynamics of marketing as a function, was to ask two questions. Firstly, why do people and organisations engage in exchange relationships? and secondly, how are exchanges created, resolved? Hunt (1983 :12) goes further to outline four fundamental interrelated elements of marketing science in which all the phenomena of marketing would be explained. (1) behaviour of buyers, (2) behaviour of sellers, (3) the institutional framework directed at consummating exchanges and/or facilitating exchanges, and finally (4) the consequences on society of the behaviours of buyers, sellers and the institutional framework directed at consummating exchanges. Other authors added to the permanence and theoretical background of the concept by broadening it to include inter-organisational exchange, Frazier (1983), and contingency model of selling (Weitz 1981).

1.2.3 Transaction Cost Analysis

A major influence on the understanding and structuring of the type of interaction and exchange between buyer and seller has been transaction cost analysis (TCA). It primarily attempts to govern mechanisms for exchange by analysing all costs and benefits (including non monetary ones), associated with the exchange (Bagozzi 1979).

Williamson (1981 & 1975) agrees that an understanding of transaction costs is central to the study of exchanges between organisations. These costs include the costs of reaching an agreement satisfactory to both sides. TCA addresses this issue and makes predictions of when market exchanges will occur. Three factors have been identified which raise transaction costs and determine the type of transactions which will result.

Opportunistic behaviour occurs where one party exploits a situation to its own advantage because not all contingencies in an exchange have been accounted for. Williamson (1975:6) called it "*self interest seeking with guile*". If it is possible after an agreement for one of the parties to take actions which will benefit themselves and adversely affect the other party, which is difficult to detect, then *moral hazard* is said to exist. Thirdly, *bounded rationality* arises because it is impossible for anybody to foresee and unambiguously describe every contingency that could possibly be relevant to the parties to the agreement. Managers make decisions in an "*intentionally rational manner*" given the information available at that time, different decisions may have been made if their knowledge was not "*bounded*" or limited (Blois 1996).

Because of these factors, it was argued by Williamson (1981) that costs of negotiating and implementing a contract are difficult, and a comprehensive long term relationship may not be possible. At best only incomplete contracting can occur. Although these authors have shown that TCA helps to contribute to an understanding of organisational exchanges and interaction, some researchers have noted that it is limited in both scope and depth. For example, Heide and John (1988) suggest that TCA gives an incomplete picture. This is because the wider relational form of exchange is not addressed to any extent by the Transaction Cost Analysis approach. Exchange operates in a social environment and does not operate in isolation. Similarly, Frazier et. al (1988) argue that the assumption of opportunistically inclined parties is overly simplistic, if not completely misleading.

1.3. From Discrete Transactions to Long Term Relationships

Levy and Zaltman (1975:27) define marketing as a system where people or groups are inter-related, engaged in reaching a shared goal and have *"...patterned relationships with one another"* In his classification scheme of service business Lovelock (1980:73) proposed a dimension of continuous versus discrete customer purchases.

> *"The marketing implications of this categorisation lie in the extent to which emphasis is placed on initiating and maintaining a relationship as opposed to simply consummating a satisfactory transaction."*

This recognises the limits to a single transaction based view. In effect, discrete transactions are the foundations upon which the concepts of relationships are built. Transactional exchange involves simple short term exchange events encompassing a distinct beginning and end (Gundlach and Murphy 1993:36).

MacNeil (1980:60) described discrete transactions as being characterised by money on one side, and an easily measured commodity on the other.

> *"Discreteness is the separating of a transaction from all else between the participants at the same time and before and after. Its pure form never achieved in life, occurs when there is nothing else between the parties, never has been and never will be."*

This definition excludes a relational element. These discrete transactions are very limited in scope and focus only on the matter at hand with minimal interaction between the participants. Dwyer et. al (1987:15) describes *"A one-time purchase of unbranded gasoline out of town at an independent station paid for with cash"* as approximating to a discrete transaction. In reality, it can be seen that perfectly discrete exchanges are difficult if not impossible to achieve.

The lack of attention to wider conditions and processes for buyer-seller exchange relationships in traditional marketing theory, came to be seen by many as a major drawback in the development of marketing knowledge (Dwyer et. al 1987, Day 1983; Houston and Gassenheimer 1987). These authors believe that it is naive to try and understand marketing by focusing solely on individual transactions between buyers and sellers. This is true for individual-to-individual, business-to-business, and business-to-individual exchange. Consequently, there has been a major shift from transaction to relationship thinking. Many authors draw the distinction between transactional and relational exchange, and advocate a longer term orientation (Dwyer et. al 1987; Frazier et. al 1988; Gundlach and Murphy, 1993; Joshi, 1993; Shapiro 1991).

1.4 The Death of Marketing?

> *"The predominant marketing theory is based on the assumption that the customers and their needs are more or less homogenous and that defecting customers can be replaced with new ones. Consequently ,the transactions are admitted to be short term*"(Holmund and Koch 1996:287).

Firms of all sizes are facing increasing competition, stable demand and limited product differentiation. Competitive advantage is therefore increasingly linked to the way it conducts its dealings with customers (Perrien and Richard 1995:37). Aijo (1996:9) asserts that the world is now entering a new information economy after the post-industrial or service economy. It is unsurprising therefore, that new marketing practices are being developed to meet these changes. Whether these changes are a reshaping of the existing marketing paradigm or the death of current marketing practice, is open to question.

As a result of the deficiencies that many authors expressed about the marketing mix concept, and the new long term orientation towards buyer seller relationships, many have began to fundamentally question the old marketing paradigm. Some authors believe that it needs to be updated, for example Webster (1992:1) sees the changes as *"a fundamental reshaping of the existing field"*.

Kotler (1991:23) states that

> *"we now see a shift of paradigm emerging within marketing theory as focus in the future will be on long term relationships instead of on short-term exchange relationships"*.

Others such as Gronroos (1991) and Christy et. al (1996) go further. They believe that the old marketing concept has run its course. Gummesson (1987:11) supports this;

> *"The theories and models that constitute the present marketing concept are too limited in scope, exaggerate some aspects of marketing and surpress others. The old marketing concept needs to be replaced"*

Day and Wensley (1983:81) argued that generally accepted marketing paradigms were

> *"...simplistic and incomplete in their consideration of major elements of both the practice and the discipline of marketing."*

The paradigm which was based on both the traditional model of exchange, and the framework for marketing decision making was vulnerable to attack from several directions.

- The implicit one-way model of exchange theory has been seen to be limited.
- the dominant orientation towards customers has deflected the attention from the pursuit of competitive advantage.
- there is little recognition of the role of marketing as an innovating and adaptive force. The 4P's are misleading and rigid (Gummesson 1987:13).

The debate within what has been termed postmodern marketing further highlightes these concerns.

> *"Postmodern philosophy advocates a complete rethinking of science in general and of marketing theory management in particular"* (Cova 1996:494)

Brown (1993) believes that traditional academic marketers maintain that an external reality exists; that it can be understood and manipulated; that meaningful generalisations can be derived and predictions made. This includes the 4p's, SWOT analyses and the new product development process. These marketing conceptualisations are modernist in orientation and attempt to make generalisations about mass markets or large segments. Brown (1993) goes on to state that many within 'modern' marketing circles have remained reluctant to take on board postmodern ideas which emphasise uniqueness and diversity.

As a result of such ideas Cova (1996) believes that postmodern marketing provides the philosophical underpinnings for many new directions in marketing such as 'relationship marketing' and 'database marketing'. The emphasis on the individual within postmodernism complements the philosophy of relationship marketing which is based on: (a) an emphasis on dealing with the customer as *an individual;* or (b) a desire to *retain existing customers.* (Brown 1993).

1.5 Relationship Marketing

Regardless of whether the contemporary theories and concepts outlined indicate the 'death' of marketing, there is a growing body of opinion that there is a revolutionary paradigm shift taking place in both business, and marketing. This has meant that the customer has become an integral part of the marketing and delivery process which requires a close relationship between the service provider and the customer. Many believe that relationship marketing is one, perhaps even a major manifestation of that paradigm shift (Aijo 1996:8).

Relationship marketing (Berry 1983) is a broadly based philosophy which has been called, one-to-one marketing (Peppers and Rogers 1993) or interactive marketing (Gronroos 1990b; Gummesson 1987), depending on the author or the context in which it is used. Together with certain concepts and frameworks from traditional marketing management and influences from quality management, a trend has emerged which links developments together into a relationship marketing framework. This has taken up to twenty years to develop (Gummesson 1996). Relationship marketing is the development of mutually beneficial long-term relationships between suppliers and customers (Gronroos 1990c).

"It is not directly aimed at immediate transactions but is based on building, supporting and extending customer relationships" (Matthyssens and Van den Bulte 1994)

This has developed from the gradual evolution of market orientation (as opposed to production orientation) which views marketing as an interactive process, in a context where relationship building and management is of foremost concern. The focus is shifting from merely attracting customers, to activities which concern having customers and taking care of them (Buttle 1996). *The core of relationship marketing is relations, a maintenance of relations between the company and the actors in its macro environment"* (Ravald and Gronroos 1996:19). This includes the whole range of relationships an organisation deals with i.e. suppliers, the public, channel members and most importantly customers.

1.5.1 The Focus of Relationship Marketing.

The focus of RM is unclear. Some writers take a narrow view by just focusing on relationships with end consumers (Copulsky and Wolf 1990). Others believe that in order to fully meet the needs of customers an organisation needs to address a wide number of relationships (Gummesson 1987).

Christopher et. al (1993) believe that in order to provide the best value proposition in terms of both the product and customer service, it is necessary to consider six key markets and develop relationships with them all. These include: *Customer markets* - customers who receive the end product. *Referral markets*- a wide range of contacts, from existing customers who are likely to communicate with others, to agents. *Supplier markets*- e.g. supplier partnerships, joint ventures and collaborations. *Recruitment markets*- recognising that the people who are being employed are a vital element in customer service delivery. *Influence markets*- e.g. regulators, lobbyists, lawmakers. *Internal markets*- Internal marketing has received wide attention in the literature and has been recognised as being of vital importance to RM. It is aimed at ensuring that the staff of the firm are committed to the goal of ensuring the best possible treatment of customers (Barnes 1989).

According to Gronroos (1990b) it is foremost a management philosophy. Management should encourage an understanding of, and an appreciation for, the roles of employees within the organisation. If customers are treated properly in their relationships with the company's personnel then they will be more likely to return. Berry (1995:236) identifies internal marketing or *"marketing to employees and other stakeholders"* as one of the major emerging perspectives in service relationship building.

It has been proposed by Morgan and Hunt (1994:21) that a definition was required that accommodates all forms of relational exchange and takes account of differences between diverse areas such services marketing, industrial marketing, bank marketing, strategic alliances between competitors, and partnerships between firms. They emphasise that in many relationships there are neither 'sellers', 'buyers' nor 'customers'. They proposed that *"Relationship marketing refers to all marketing activities directed toward establishing, developing and maintaining relational exchanges."*

They go on to identify ten discrete forms of RM under four categories.
Supplier Partnerships which include, goods suppliers and service suppliers
Lateral Partnerships :competitors , non profit organisations and government
Internal Partnerships: business units, employees, functional departments.
Buyer partnerships: intermediate customers, ultimate customers.

Gummesson (1994) includes 30 relationships which are relevant to RM (the 30R's). These include many internal and external relationships, interactions and networks. This view of RM is similar to Christopher et. al (1991) and Kotler (1992) who see relationships going beyond the customer supplier relationship. The overall objective of relationship marketing however, seems to be the facilitation and maintenance of long term customer relationships (Juttner and Wehrli 1994).

1.5.2 The Economics of Relationship Marketing.

Unfaithful customers cause firms considerable losses every year. The number of defecting customers may be increasing as price competition grows (Treutiger 1993). In effect, many companies have attempted to buy customers from their competitors by offering discounts. This has resulted to some extent, in customers failing to be faithful to a specific product or firm (Holmund and Kock 1996:228). As competition increases it becomes more important for a firm to protect the customers it has. One major goal of RM is to build *"competitive immunity"* into the customer base (Greun and Ferguson 1994:1). Buttle (1996:5) believes that RM is not philantrophic, it is a means to an end, and that economic arguments lie as its heart. Indeed Gronroos (1990c) recognising this, concluded that;

> *" the most important issue in marketing is to establish strengthen and develop customer relationships, where this can be done at a profit, and where individual and organisational objectives are met."*

Focusing on short-termism may lead to high customer turnover and becomes an expensive strategy (Gronroos 1991). Firstly, it is much more expensive to constantly win new customers than it is to retain existing ones. It has been argued that this can be between five and ten times more expensive (Buchanan and Gillies 1990; Rosenberg and Czepiel 1984). This will vary from industry-to-industry and company -to-company, but the extra costs of customer acquisition can be seen to be substantial. Secondly, the longer the association between company and customer, the more profitable the relationship for the firm (Buttle 1996).

According to Juttner and Wehrli (1994:57), the economic benefits resulting from the introduction and implementation of RM are related to a number of factors.

- The marketing or transaction costs for every customer can be reduced with long-term relationships.
- The sales volume per customer can be increased in relationships, for example, 'cross selling' of products.
- Having a core group of customers provides the company with a market for testing and introducing new products with reduced risks and lower costs.
- Market research can be conducted more efficiently, because resource intensive isolated products are replaced by continuous customer data collection and processing.

Berry and Gresham (1986) showed that current customers are usually more profitable than existing ones, tend to buy more, are more predictable, and cost less to service.

1.5.3 Service Marketing Perspectives

During the 1970s marketing of services started to emerge as a separate area of marketing, with concepts and models of its own to react to the specific nature of the service act. In Sweden and Finland (the Nordic School of Services), academics looked at the marketing of services as something which cannot be separated from overall management (Gronroos 1994b:8). Gronroos (1990) also developed several new concepts in services marketing as part of the Nordic School of Services. In services marketing there is no separation between production, delivery, and consumption. The customer is an integral part of the marketing and delivery process, therefore, the interaction between both parties (i.e. buyer and seller) is a part of the marketer's function. A relationship, to some extent, needs to be established with the customer. This was ignored in the traditional marketing function.

The relationship marketing concept was first introduced into the marketing literature by Berry (1983) when he surveyed the factors and developments in services marketing that later gave rise to RM. This included increasing competition and deregulation which forced companies to think in terms of *"keeping customers"* as opposed to only *"winning new customers"*. Service firms began to identify their customers which enabled them to be more focused in their marketing efforts. This is a major element of RM and has been recommended as a strategy to overcome service intangibility (Berry 1983:12).

1.5.4 Industrial Marketing Perspectives

There was also a parallel development in industrial marketing which contributed to the development of RM. Industrial marketing has traditionally been seen as different from consumer, or services marketing. Cooke (1986:16) distinguishes between consumer and industrial marketing;

> *"Industrial marketing is marketing to the organisational buyer as contrasted to consumer marketing, which is marketing to the ultimate consumer".*

Tasks other than traditional marketing functions are important in industrial selling. This includes a wide range of contacts between buyer and seller including, repairs, instillation, servicing and maintenance (Gronroos 1990:152). (Aijo 1996:9) points out that

> *"Even if the term relationship marketing was not used in industrial marketing, the nature of industrial marketing clearly demonstrates several of its core characteristics"*

Jackson (1985) and Levitt (1983) have led to a school of thought which emphasises the need to understand different types of relationships and the extent to which transaction or relationship oriented approaches are appropriate. It is argued that the seller needs to move from focusing on closing a sale, to delivering a high level of customer satisfaction over the lifetime of the relationship. Jackson emphasises the alternative approaches that are needed in different buying situations.

Another approach is the *interaction/network approach* which places equal emphasis on buyer and seller characteristics (Gummesson 1987). This is in contrast to other models which tend to concentrate on the buyer's side of the transaction. Between the parties in the network, various interactions take place. The stability of relationships between sellers and their exchange partners arises out of several "bonds" built up over time. The bonds are outcomes of investments and agreements made by the interacting partners aimed at higher efficiency and more cost effective exchanges (Holmund and Kock 1996).

Marketing in this situation is defined as all the activities of the firm, to build, develop and maintain customer relations (Gummesson 1987).

> *"Marketing with reference to industrial and international operations is thus not primarily concerned with the manipulation of the 4P's from consumer goods marketing. Instead it is to reach a critical mass of relations with customers, distributors, suppliers, public institutions, individuals etc."*
> (Gummesson 1987:12)

The inputs from services, industrial, and consumer goods marketing to the development of RM, are all clear in recognising that relationship marketing differs from traditional mass marketing since it does not seek a temporary increase in sales. Instead it attempts to create greater customer involvement and co-operation which it is envisaged will lead to permanent bonds with customers (Takala and Uusitalo 1996). While it may be used to gain competitors' customers, or to launch new products, its ultimate goal is to achieve an increase in sales in the long term (Andersson et. al 1994).

McKenna (1985:4) sums up the enduring power of establishing relationships when he claims that personal relationships are more lasting than product or brand loyalties.

> *"...a new approach to marketing, an approach that takes into account the dynamic changes in industries and markets. It is an approach that stresses the building of relationships rather than the promotion of products.*

1.6 Relationship Building

The lack of consistency of the term relationship when used in a marketing context has led to much confusion in business practice and relationship marketing literature. It has come to mean different things in different situations.

> *"...relationship itself has become a hackneyed word, made to carry so many meanings that it ceases to have much cognitive force. Eve, for example has a "relationship" with her mother, her husband, her daughter, her friend, and her car mechanic, and each connection has its own special form"* (Josselson 1992:15)

Relationships between buyers and sellers have often been seen in the past as being confrontational or adversarial. Each party is assumed to be looking out solely for their own interest (Young and Wilkinson 1989). These authors have noted that much of the literature has tended to focus on confrontation and power balance, i.e. sick rather than healthy relationships. In contrast to discrete transactions, relationship marketing incorporates relational exchange which involves transactions linked together over an extended period of time. Each transaction must be viewed in terms of its history and anticipated future. Participants involved in relational exchange derive complex non-economic and personal benefits and engage in social exchange. As a result, emphasis is placed on purposeful co-operation for the benefit of both parties and over time complex interdependence may occur (Macneil 1980).

In order to fully understand what a relationship means to both parties it has been argued that it is important to understand this interdependence (Barnes 1994). Calonius (1988) claims that the promise concept is central to this long term interdependence, and consequently the future development of any relationship. An exchange of promises takes place between the seller and buyer. If these promises are fulfilled then the potential exists to take the relationship a stage further.

> *Marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties are met. This is done by a mutual exchange and fulfillment of promises"* (Gronroos 1991:8)."

> *"Establishing a relationship involves giving promises; maintaining a relationship is based on fulfillment of promises and enhancing a relationship*

means that a new set of promises is given with the fulfillment of earlier promises as a prerequisite" (Gronroos 1990b :10).

1.6.1 Factors Necessary for Relationship Development

1.6.1(a) The Study of Interpersonal Relationships

Many authors have begun to outline the factors necessary for the development of successful long term relationships in a marketing context. However, this has not been done in isolation. Research from other disciplines such as Social Psychology, for example Argyle and Henderson (1984); Duck (1988 & 1992) have provided a rich vein of material for understanding the nature and defining the characteristics of relationships. This has been used to augment the current field of relationship marketing, and may be particularly relevant to the establishment of relationships between businesses and consumers. Gupta (1983:16) puts foreword some of the characteristics which make interpersonal relationships enduring.

> *"A stable friendly relationship is characterised by a high probability, in the awareness of both persons, of their communicating again. This is irrespective of the passage of time or of variance in physical distance. It also characterises a certain level of understanding of the other person"*

Several major elements stand out in the literature on social psychology and interpersonal relationships, which can lead to long term stable relationships.

Trust is one of the most desired qualities in any close relationship. Larzelere and Huston (1980) outlined some of its key elements. It is the extent to which an individual is seen to be benevolent and honest. *Benevolence* was seen to be the extent to which an individual is genuinely interested in a partner's welfare and motivated to seek maximum joint gain. *Honesty* is seen to be the extent to which an individual's statements of future intentions are believable.

Taking this a stage further, Rempel et. al (1985) showed that trust evolves out of past experience and interaction, and therefore develops as the relationship matures. It also involves a willingness to place oneself in a position of risk, be it through intimate disclosure, reliance on an other's promises, or sacrificing present rewards for future gains. They also identified *predictability, dependability,* and *faith* as being important elements of trust. The first two, predictability and dependability rely on past experience to help to determine likely future behaviour. Faith, on the other hand, may go beyond the available evidence to some extent, and expresses a confidence in a partner's future actions.

The choice whether to invest or take part in a relationship, proceeds a person's realisation of commitment. The small investments which occur early in a relationship, such as doing favours or purchasing gifts, may initially be motivated by the desire for immediate rewards in a relationship. However, because investment results in irretrievable resources spent on the relationship, there may be strong motives for continuing it (Lund 1985). *Commitment* which results from investments occurring over time in a relationship, should act as a barrier by influencing a person's decision to continue a relationship, even in times of stress and low reward. Commitment and investment in most personal relationships, do not mean a single pledge that assumes a permanent status from day one. Rather, they are part of a process in which investment and commitment are expected to progress over time (Duck and Sants 1983). This is essential for long term relationship development.

If two individuals feel commitment and a long term orientation towards a relationship, then it will usually be characterised by high interdependence, in which the individuals have a *frequent impact* on each other (Kelly et. al 1983:13). Related to this, *satisfaction level and degree of dependence* have been also identified by Kelly et. al. to be determining factors of relationship strength . Satisfaction level concerns the degree to which an individual favourably evaluates a relationship and believes that a partner fulfills important needs. An individual evaluates the outcomes in a relationship, and accordingly feels satisfied or dissatisfied (Rusbult and Buunk 1993 :179). They go on to say that

> *"Strong commitment is promoted by higher satisfaction, lower perceived quality of alternatives and greater investment size...commitment also accounts for pro-relationship maintenance processes such as derogation of threatening alternatives a willingness to sacrifice for the good of a relationship and tendencies to accommodate rather than retaliate when a partner behaves badly"* (1993:200)

Leading on from this, many authors on interpersonal relationships have noted that exchange at the beginning of a relationship is governed by the quest for reciprocal reward. This restricted exchange entails a direct transfer of rewarding activities or goods between two people motivated by self-interest (O'Connel 1984). However, many sociologists including Haas and Deseran (1981) and McDonald (1981) have examined exchanges which involve long term relationships, creation of trust, and acceptance of imbalance. The following themes occur (1) imbalanced exchange is commonly accepted; (2) Trust is a necessary precondition for many exchanges to occur; (3) relationships facilitate trust; (4) signs of commitment to a long term relationship produce the trust people need to engage in imbalanced exchange.

The type of *communication* which occurs between two parties also determines the structure and consequences of a relationship. Through communication a person often seeks corroboration of his/her own attitudes and views by the other person (Gupta 1983:17). Social Psychologists have emphasised that *mutual disclosure* is an important element of this. It can lead to trust and a deepening of the relationship (Derlega et. al 1987). Trust can develop through repeated encounters involving the potential for rejection or ridicule. (Altman and Taylor 1974; Duck 1992)

The provision of *social support* is also considered important because of its ability to decrease uncertainty and increase self-esteem (Adelman et. al. 1994). Individuals receive social support from verbal or non verbal communication, which facilitates personal goals, enhances self-esteem or confirms a sense of belonging. Cobb (1976:300) defines it as

"information leading the subject to believe that he is cared for and loved esteemed and valued... that he belongs to a network of communication and mutual obligation"

Other important elements of close relationships identified by Gupta (1983:17) include, *liking, respect, affection, shared goals and understanding.* These imply

> *"empathy for another person and a fair knowledge of the individual's goals, aspirations, weaknesses and strengths, as judged from past performance, and of his/her values and motives, which necessitates close and first hand watch of one person by another while they are playing their acts in the life drama"*

Argyle and Henderson (1984) identified up to forty-three rules concerning friendship. These were condensed into six central rules of friendship and close relationships by Duck (1988) (1) Stand up for the other person in their absence; (2)Share news of success; (3) Show emotional support;.(4) Trust and confide in each other; (5) Volunteer in times of need; (6) Strive to make each other happy in each other's company.

Marketing scholars have been heavily influenced by many of the issues mentioned in the field of social psychology. However, the extent to which many of the participants involved in buyer-seller relationships would see the factors mentioned in social psychology as applying to their relationships is open to question. Clearly, in many high contact service situations, interpersonal factors may play a major part, especially when dealing with the same person time after time (Barnes 1997). However, whether this is a 'relationship' is less clear cut.

1.6.1(b) Relationships in a Marketing Context

References to social relationships are prominent in the literature on long term buyer-seller relationships. However, little academic research has attempted to document empirically the important factors which affect buyer-seller relationships. Nevertheless, many business exchanges involve some level of social interaction between customers and employees (Gronroos 1990b). Indeed, the Nordic School clearly views marketing as an *"interactive process in a social context"* (Gronroos 1994a:9).

Within the field of industrial marketing Turnbull and Wilson (1989) suggest that "structural" and "social" bonding can occur which creates considerable barriers to competition. Similarly, strong interpersonal relationships may develop between many professionals and their clients. Webster (1992:10) agrees with this when he states;

> *"the focus shifts from products and firms as units to people ,organisations, and the social processes that bind actors together in ongoing relationships"*

He believes that areas of research done by psychologists and sociologists have a fundamental role to play in marketing. Dwyer, Schurr and Oh (1987) support this, and say that there is justification for analysing social psychology, interpersonal attraction, and the interdependent relationships between husbands and wives, to better understand the development of buyer-seller relations. Levitt (1983:111) uses the marriage analogy to support the link between marketing and psychology.

> *"...the sale merely consummates the courtship. Then the marriage begins. How good the marriage is depends on how well the relationship is managed by the seller"*

The important dimensions of interpersonal, and marketing relationships do overlap to a considerable degree. Several authors have placed emphasis on the role of commitment and trust in developing successful exchange relationships in marketing (Morgan and Hunt 1994; Gamesan 1994). Trust in a buyer-seller context is defined as *"a willingness to rely on an exchange partner in whom one has confidence"* (Moorman et. al 1992:82). *"...a belief that a party is reliable and will fulfill its obligations in an exchange relationship"* (Schurr and Ozanne 1985:940).

In Industrial Marketing, Morgan and Hunt (1994:23) define relationship commitment as

> *"an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it"*

Empirical evidence is provided which supports the role of both commitment and trust as key variables that lead to successful relationship marketing. They believe that the presence of trust influences how disagreements are perceived by exchange partners. If trust is present, conflict will be seen as merely functional and problems will be discussed openly. Less opportunistic behaviour to the detriment of the other partner should also result (Morgan and Hunt 1994:32). Trust and commitment are dependent on a number of factors such as communication and perceived benefits of both parties. This in turn will influence outcomes such as propensity to leave and co-operation.

Although the initial tests of these ideas have been carried out in a business-to-business context, the model appears to contain valuable insights for the commercial relationships between suppliers and private consumers (Christy et. al 1996:177). In effect, higher levels of trust facilitate mutual acceptance and openness, while low levels of trust lead to defensive behaviour (Pruitt 1981:101).

Other elements which are seen to be important in marketing relationships, which mirror the important interpersonal factors, include, frequency of communication, quality of communication, dependability, flexibility (willingness to change), information exchange, and solidarity (mutual expectation that a high value is placed on the relationship) (Heide and John 1992; Martin and Sohi 1993). The relationship must also be mutually perceived to exist, and mutually beneficial (Czepiel 1990).

Dwyer, Schurr and Oh (1987) proposed a model which identified five major phases in the development of a relationship. It views RM as an interactive process between buyer and seller. Each phase represents a major transition in how parties regard one another.

Phase One: Awareness . Party A recognises that party B is a feasible economic partner.
Phase Two: Exploration. This is a search and trial process and consists of five sub processes.

- Attraction-do both parties perceive some benefits from the exchange?
- Communication -Can the parties interact successfully? Bargaining-the terms of the exchange are settled.
- Norm Development- "expected patterns of behaviour" and standards of conduct are developed.
- Development of co-operation and planning expectations. These sub-processes enable each party to test goal compatibility, integrity and performance of the other party. However, at this stage investment is minimal so that it is relatively easy to end the association.

Phase Three: Expansion. Interdependence increases if both parties are mutually satisfied.
Phase Four: Commitment. At this most advanced phase of buyer-seller interdependence

> *"...the exchange partners have achieved a level of satisfaction from the exchange process which virtually excludes other primary exchange partners who could provide similar benefits"* (1987:14)

Phase Five: Dissolution:
The model outlined, draws heavily on the theory of interpersonal relationships. Using the marriage analogy, not every marriage is successful.

"Marriage is a restrictive trade agreement. The two individuals agree to exchange only with one another, at least until such time as the balance of trade becomes unfavourable in terms of broader market conditions"
(McCall 1966:197)

1.7 Appropriate Marketing Relationships

As can be seen, many of the important factors necessary for interpersonal relationship development have also been identified in the marketing sphere. However, most of the emphasis in the past has focused on the firm, while ignoring the consumer's perspective.

Many, particularly in consumer marketing in the United States, see RM as the use of IT-supported customer contact techniques, (for example Direct Marketing, and Database Marketing) as a means to permit some form of relationship to be developed with a huge number of customers (Rapp and Collins 1990). Copulsky and Wolf (1990:16) see relationship marketing as

"..combining elements of general advertising, sales promotion, public relations and direct marketing, to create more effective and more efficient ways of reaching customers. It centres on developing a continuous relationship with customers across a family of products".

This product led definition looks at things from the position of the supplier, and goes against the principles of mutuality of interest, trust, co-operation, and other factors identified as being important to relationship development.

Related to this, are some loyalty schemes such as frequent flyer programmes. Gruen and Ferguson (1994) went so far as to call many of the customer loyalty programmes such as frequent shopper programmes, bribery to entice customers to keep buying. Other loyalty programmes cannot be distinguished from short term sales promotions (Levin 1983). Bejou and Palmer (1998:7) highlighted this point

"Many IT-driven airline loyalty programmes remain crude attempts to obtain short-term sales without adding to the quality of the long term relationship between an airline and its customers"

They go on to say that these may be expensive to operate and do not build an attitude of loyalty.

Varva (1992) believes that many of these schemes have a part to play in helping to gain a greater share of customer spending, but only if they are properly conceived and executed. Vanetis (1996) points out that commitment is different from loyalty in consumer service relationships. He goes on to say that commitment refers to the attitude and intentions to interact, whereas loyalty only reflects repeat purchase behaviour.
"Spurious" loyalty may mean that consumers will continue to purchase only for as long as they are unable to find a better deal elsewhere. This may continue on a long term basis, but in the absence of commitment, it is not a relationship.

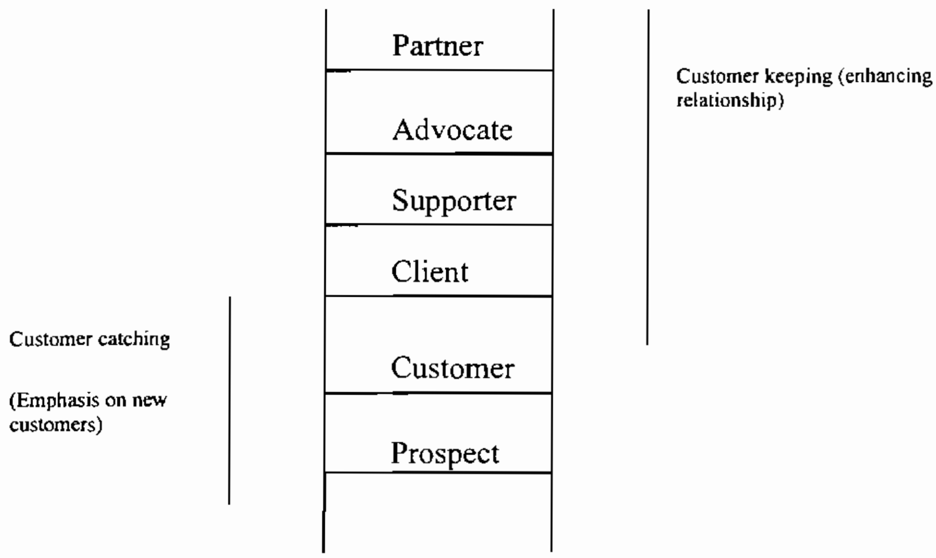
In this situation customer loyalty may be to the incentive rather than to the brand (Bejou and Palmer 1998). Similarly, sellers of generic commodity products may find relationships difficult to achieve in a market where customers have no reason to remain loyal to one supplier (Palmer and Bejou 1994). In this case a customer would be seen to be transaction oriented. This is a common situation where the product is considered a commodity and switching costs are low (Levitt 1983a).

It has been shown therefore, that loyalty does not necessarily lead to a lasting relationship. It can however be developed and strengthened to make relationship development a more realistic prospect. Jones and Sasser (1995) have suggested that complete customer satisfaction and service quality are essential to securing what they call *'rock solid'* customer loyalty which has the potential to lead to future relationship development. Bejou and Palmer (1998) include a number of other items:

(satisfactory interactions with personnel
(satisfaction with the core service, and
(satisfaction with the organisation

If these elements of complete customer satisfaction are present then loyalty grows. This loyalty leads to a positive intention to interact with the service provider in the future. This in effect is long term commitment which enhances relationship development. The ling between customer loyalty and relationship development is shown in Fig. 1.1

Fig 1.1 The Relationship Ladder of Customer Loyalty



Source: Payne et.al (1995)

This figure develops the long established concept of the 'ladder of loyalty' and adds a few rungs to create the relationship ladder. There are a number of stages in the development of a long-term customer relationship. Buyer loyalty which results in repurchase repurchase behaviour grows as an individual moves up the rungs of the ladder. As the individual becomes more content with the organisation and its products, repurchase behaviour may expand to the point where he/she will be less willing to switch even if alternatives exist. This may eventually lead to an ever strengthening relationship. If a firm fails to deliver from its side the customer may defect to its competitors (O' Driscoll 1998).

However, as has been shown, in the absence of alternatives, repeat purchase does not necessarily mean long-term loyalty or a close relationship. It has been recognised that it may not be economically desirable or even possible to attempt to establish long-term relationships with many customers (Barnes 1995).

In order to determine the potential for relationship development it is important to understand the factors which are conducive to the establishment of positive relationships with customers, from their point of view (Barnes and Cumby 1993). Barnes (1995) goes on to question the view that relationship marketing is always a good thing because it leads to long term profitability, as being simplistic. He suggests that it is important for organisations to recognise that a succession of interactions does not always imply the existence of a true relationship. Many exit barriers may exist (social, technological, legal, economic) which may prevent customers from going elsewhere even though they are not satisfied with the service they receive. Bonding not based on commitment and trust is unlikely to last (Buttle 1996:9).

Jackson (1985) also draws a distinction between a situation where the potential exists to establish a long term relationship with a client, and another where the customer is interested primarily in the immediate transaction. Implied in this was the suggestion that exchanges between two parties take place on a continuum, ranging from a transaction to a relationship.

This was built on by Gronroos (1991) when he put foreword a *marketing strategy continuum*. Relationship marketing is placed at one end of the continuum where the general focus is on building relationships with customers. At the opposite end, the focus is on one transaction at a time. Different types of goods or services are placed at an appropriate position, depending on the potential for relationship development. Fig 1.2

Marketers of consumer packaged goods will probably adopt an approach which is towards the transaction end of the continuum, while a relationship marketing emphasis will be more suitable for service, or industrial marketing. Towards the middle of the continuum the marketing strategy of an organisation will contain elements of both paradigms.

Figure 1.2

The Marketing Strategy Continuum

The strategy continuum	Transaction marketing ——	Relationship marketing
Time perspective	Short term focus	Long term focus
Dominating marketing function	Marketing Mix	Interactive marketing (supported by marketing mix activities)
Price elasticity	Customers more sensitive to price	Less price sensitive
Dominating quality dimension	Quality of output (technical quality is dominating)	Quality of interactions (functional quality dimension grows in importance)

The product continuum consumer packaged goods —— consumer durables —— Industrial goods —— services

Source : (Gronroos 1991:9)

Christy et. al (1996) agree that it is much easier to build marketing relationships with the smaller number of customers in some industrial markets, than with the very large number of customers in most consumer markets. They suggest that some situations and interactions are more "relationship friendly" than others. However, they go on to say that many marketers rushing to embrace the relationship strategy, have failed to take account of many of these basic factors.

1.7.1 The Focus of the Marketing Relationship

The focus of the relationship may take several different forms from the consumers perspective.

1.7.1 (a)Customer-Firm Relationships

Barnes (1997) suggests that it is doubtful that customers can ever feel "close" to, or feel that a relationship exists with large consumer goods companies. He goes on to say that most of the interactions between customers and businesses are discrete transactions which have little potential to evolve into anything that could be described as a relationship. There is more to a successful relationship with customers than merely trying to retain them, or lock them in with training contracts, other barriers to exit or maintaining a database on them. Takala and Uusitalo (1996) support this, and state that many firms may be misleading themselves if they attempt to form relationships in certain situations. It may be difficult for an individual to have a relationship with an organisation because they are abstract entities which makes them difficult to relate to (Adelman et. al 1994).

Some research done in the UK supports this by suggesting that *"...the public don't see themselves as having an ongoing relationship with a company and don't want one."* Relationship is not a word used, except in certain limited situations such as banks, building societies or small local businesses such as butchers or hairdressers (Gofton 1995:25). Gofton suggests that any relationship which develops in these situations, may be primarily between individuals.

1.7.1 (b) Customer-Staff Relationships

Barnes (1995b) suggests that this type of relationship most closely approximates a personal or social relationship, and is most likely where there is close contact with employees. Many individuals may see the focus of their relationship as purely on a personal basis. A customer may even feel committed to, feel trust for, and have a social bond to a specific person in the company without feeling commitment and trust for the company as a whole (Strandvik and Liljander 1994) .

However, it has been suggested that contact personnel can facilitate the widening of relationship boundaries to include the development of firm-customer relationships. The importance of a relationship based on customer contact personnel has been shown to be of great importance in the service literature (Crosby et. al 1990). Frequently, the direct service provider is the sole contact person for the buyer, before and after the sale. Cowles (1994:2) drawing on communication literature, believes that individuals can develop "parasocial relationships" with a firm due to regular interaction between the customer and contact personnel, even if the interaction is not with the same person each time. He goes on to argue that contact personnel can set the stage for firm customer relationships. If the customer can predict with confidence the type of interaction which will take place, then a relationship with the firm as a whole may develop over time.

The role of service personnel and their effect on potential relationship development is highlighted in Chapter Two in relation to consumer/bank relationships.

1.7.1 (c)Customer-Brand Relationships

"A brand is a recognisable and trustworthy badge of origin, and also a promise of performance" (Jones 1996:62).

The importance of trust in the brand-consumer relationship, has been identified by Gurviez (1997). This has been shown to be essential for interpersonal relationship development. However, the consumer-brand relationship clearly takes a different form from consumer-staff relationships.

An individual may develop a "membership" relationship with, and a loyalty towards, a particular brand in a situation where direct contact with a company or its employees is unlikely or infrequent (Lovelock 1983). Dall'Olmo et. al. (1997:53) have suggested that brands *"simplify the buying and consuming tasks, and reduce perceived risk"*. This in turn may create a state of *"psychological comfort"* in which the service brand becomes the fulcrum of the relationship between the supplier and the consumer. Service brands, whether they are individual, product, or corporate brands, are increasingly being seen as relationship builders. This is particularly true when the consumer sees the brand as a promise of performance which requires a level of trust on their behalf. Dall'Olmo et. al.

(1997:53) go on to say that this leads the consumer to not just perceive the brands distinctiveness, but have a relationship with it. The branding of services entails a relationship not only between the company and consumer, but also between the employee delivering the service (or services promises) and the consumer.

The potential strength of this will depend upon the circumstances which govern the interaction between the seller and customer (Barnes 1995b). Barnes (1995a) argued that it may be difficult to establish close relationships if the service provided by a company is taken for granted (for example cable television or electricity), especially where there is little interaction between customers and employees of the firm. This is particularly true for customers in service situations. Relationships are also more likely to be important for products where purchases involve high levels of perceived risk, (Berry 1983, Lovelock 1983) and where the benefits are produced and consumed over a prolonged period of time, for example medical treatment (Palmer 1994). Barnes (1997) suggests that where frequent face-to-face contact occurs between employees and customers, any relationship which develops will be on an interpersonal basis. Therefore, he suggests that companies which have less personal contact, would be better served attempting to establish brand-customer relationships.

Barnes (1995b:10) put foreword other situational factors which may effect the type of relationship which develops. These include;

〈 the level of personal contact;

〈 intimacy and intensity;

〈 the extent to which the interaction might be described as active or passive i.e. does the customer initiate the interaction or is the service provided on an automatic basis?;

〈 the degree of customisation involved;

〈 the level of involvement by the customer in the design of the product;

〈 the extent of the customers knowledge, i.e. how reliant is the customer on the seller's advice?;

〈 the availability and cost of alternatives and the tangibility and differentiability of the product or service.

Christy et. al (1996:180) support this by including; a high involvement by the customer; customer uncertainty about the product field; high level of customisation of the product; and the ability or preparedness to pay for more than the product itself.

The existence of some, or all of these attributes, it is theorised, will make relationship development more likely. The challenge for marketers is to understand when relationships are feasible and act appropriately (Barnes 1995b).

1.7.2 Individual Preferences

Barnes (1997:228) states that

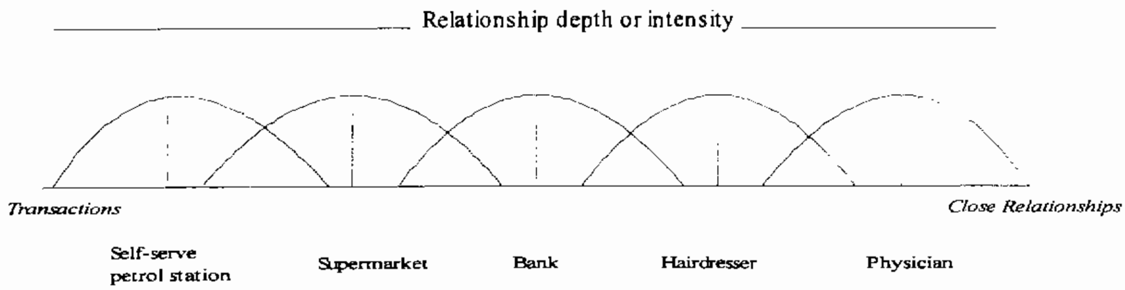
> *"the issue of when a relationship may be said to exist, relates very much to the individual's definition and perception of what constitutes a relationship ... different individuals have different relationship thresholds... In that sense, a relationship will exist only in the mind of the customer, regardless of whether or not a service provider may feel that a relationship has been created"*

Not only does the type of relationship which develops vary depending on the type of interaction, but it also differs between individuals. For some customers of some products, the social benefits of relational exchange may be greater than the purely economic benefits of transactions (Blau 1989).

This suggests that some individuals more than others, are predisposed to relationship building in certain situations. Barnes (1995a) (Figure 1.3) addressed this by building on Gronroos's relationship marketing continuum. He includes transactions at one extreme, and "warm genuine" relationships at the other. A relationship will be more likely between a doctor and his/her patient, than for example between a self service petrol station and its customers', where simple, relatively discrete transactions will be more likely. Other interactions, such as banking and hairdressing, will lie somewhere in between. Barnes (1995a) depicts each of the firm-customer relationships as a distribution rather than a single point on the continuum, This suggests that not all customers want the same intensity of relationship, in the same situations. However, he goes on to suggest that even the strongest relationship between, for example, a customer and a supermarket, will never be as strong as any type of patient-physician relationship. Christy et. al. (1996:177) refer to this as "closed" and "open" marketing relationships.

Figure 1.3

The Relationship Marketing Continuum



Source: Barnes, J. G. (1994) "Establishing Relationships- Getting Closer to the Customer May Be More Difficult Than You Think", The Irish Marketing Review, Vol. 8. Pp. 107.-116.

1.8 Summary

Despite the proliferation of relationship marketing literature in recent years, research on the development of relationships between consumers and organisations, from the consumers perspective, is limited. Added to this, the definition of "relationship" when it is used in relationship marketing, has varied widely. This has led to marketers attempting to establish relationships with consumers in situations where it is not appropriate, or not desired by the consumer. It is essential for marketers to clearly recognise situations which lend themselves to a relationship strategy, and others where they would better served changing the focus of the relationship or concentrating on a transaction strategy. In attempting to gain some insights into the important factors necessary for relationship development, many writers have looked closely at the literature on sociology and social psychology. A clear overlap exists between relational exchange, relationship marketing and social psychology. This may present the best opportunity to help marketers focus on situations where long term relationships are viable and beneficial to both parties. The development of retail bank marketing, and the appropriateness of banking relationships is explored in Chapter Two.

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Chapter Two

Literature Review

Retail Bank Marketing and Banking Relationships

2.1 Introduction.

The past ten or fifteen years have seen huge changes within the personal financial services area, not only in Ireland and Europe, but on a global scale. Technological and demographic change, coupled with deregulation of financial services markets and decreasing consumer loyalty, has led to a reappraisal of the function and role of marketing within many organisations (Speed and Smith 1995; Ennew et.al 1990). These changes have led to increasing competition for retail banks as traditional barriers between institutions became eroded, particularly in the market for personal financial services (Ennew and Binks 1996).

The development of marketing in many financial services organisations (FSOs) has been relatively slow to meet the challenges of the changing environment. For many years the industry was seen to be primarily product led, with the true needs and wants of ultimate consumers receiving little attention. This sales orientation focused on developing a financial product, then trying to sell it. The concept of marketing has been used in a narrow sense and was seen as a low status activity (Morgan and Piercy 1990).

Of necessity, the role of marketing in financial services began to change from being primarily tactical, to become increasingly strategic (Clarke et.al 1993). In order to meet the challenges and opportunities of increasing competition the trend in retail banking has been towards increasing efficiency through greater technology. Bennet and Higgins (1988) believe that a misconception may have arisen that the responsiveness to consumers needs relates totally to the degree of automation a bank achieves. They go on to say that this may have led to banks becoming dehumanised and may go against many of their basic principles, in that bankings' competitive edge is almost exclusively derived from the quality of its services. In attempting to apply these misconceptions many banks may have distanced themselves from their customer base (Ennew and Blinks 1996).

The intangible nature of many financial service interactions and the difficulties associated with maintaining a competitive advantage based on product features alone, suggest that relationships with consumers and the image of the organisation as a whole will become increasingly important (Devlin et.al 1995). It has also been suggested that by improving effectiveness through customised (humanised), rather than standardised (dehumanised) services, banks will be able to better meet the needs of individual consumers and thus be more profitable (Coskun and Frohlich 1992).

2.2 Developments in Retail Bank Marketing

Burton (1994) states that before the mid 1970s the various financial sectors were separate and distinct. Retail banking performed a specific role, its only limited direct competition coming from other banks. Cross sector competition was limited for example, banks financed industry and offered money transmission facilities while building societies attracted savings and funded house purchases. Regulation kept competition to a minimum which meant that relatively little marketing effort was needed to maintain a high marketing profile (Burton 1994). Marketing within most FSOs was focused on selling, advertising and public relations. Banks in particular were engaged in selling rather than marketing in that they were endeavoring to sell more of their existing services rather than responding to consumers needs (Speed and Smith 1995a).

The arrival of marketing into the banking environment has occurred only fairly recently. Clarke et.al (1988) identified four distinct phases in the development of bank marketing. Firstly, the 'production era', up until the 1960s, when the emphasis was on production and selling. Secondly, the 'promotion era', up until the mid 1970s, when limited competition was addressed by emphasising service quality more. Thirdly, the 'marketing oriented era', during the 1970s, when selling through promotion became prominent. Clarke et. al. (1988) go on to say that at this time retail banking was generally characterised as supply orientated and concerned with financial issues. In effect it was product led, while marketing activities were afforded low status in comparison to other functions within the organisation (Knights et.al 1994). The final category in marketing development which has been termed 'marketing control' by Clarke et. al. (1988) was the result of rapid environmental change during the 1980s. An attempt was made to develop marketing as a more integrated function within banking, with a major strategic role to play in business development. It then exerted a stronger and more direct influence on longer term strategies and involved an increasing emphasis on identifying customer needs. It then attempted to tailor products and services to these needs in order to satisfy them at a profit (Knights et.al 1994; Clarke et.al 1988).

2.3 Strategic Pressures

Many authors have outlined the strategic pressures operating in the banking environment which have led to fundemental changes in the marketing function. Ennew et.al (1993) point out that this is a trend which can be seen on a global scale. The forces at work in the environment will be examined in detail in relation to Irish banking in Chapter Three. The main changes include:

2.3.1 Deregulation of Financial Services Markets.

As a result of the lowering of the regulatory barriers that traditionally separated retail banking from other Financial Services Organisations (FSOs), the market was redefined as financial services, rather than for example, banking or insurance (Ennew et.al 1993). All the major types of financial institution moved into direct competition across the sector. The increasing ability to offer a wider range of financial service products led to improving offers which served to undermine the industry's traditional customer loyalty. As a result, consumers became able and willing to search for a better deal (Speed and Smith 1993).

2.3.2 The Changing Role of Technology

Thwaites (1989) believes that immense technological changes have also had a major influence. Information technology can increase efficiency via the automation of routine tasks and the quicker flow of information. It can also provide new ways of providing financial services via automatic teller machines, electronic funds transfer, telephone banking, and database marketing. The pace at which rivals can copy products by simply adjusting computer software has eroded, to some degree, the possibility of sustainable competitive advantage based on product alone (Hughes 1994).

2.3.3 Increasing Consumer Knowledge.

In recent years consumers have shown an increasing sophistication in their buying of financial services. They have become *" more financially literate, sophisticated and discerning in their choice of product , service and company"* (Knights et.al 1994:46). The profitability and volume of other banking business, such as corporate banking, has decreased relative to consumer banking. Economic and demographic change have also led to changing consumer requirements, which retail banking has to continually find new ways of meeting (Clarke et.al 1988).

2.4 Characteristics of Financial Services Marketing.

Zeithmal et.al (1985) and other authors in the service marketing area, have continually stressed that services marketing required services marketing solutions. Most of the literature has concentrated on the extent to which services marketing differs from goods marketing, and the marketing strategies required to serve these markets. The basic distinction between products and services arises because services are processes, rather than objects. In other words they are intangible. They lack physical form and are difficult to understand (Shostack 1982). As a result, it is difficult for consumers to evaluate financial service products in advance. The intangible nature of financial services makes it difficult to use the basic features of a financial product to gain competitive advantage (Devlin et.al 1995:120).

Secondly, services are inseparable, in that they are produced and consumed simultaneously. This requires either the physical presence of the consumer, or some contact to provide information for the service to be provided (McKechnie 1992). Uncertainty may be increased when some services cannot be evaluated until a long time after purchase. These products are said to be high in "credence qualities". For example, some investment advice cannot be evaluated until after maturity, while insurance policies cannot be evaluated until after a claim. This leads consumers to rely on word of mouth communication rather than what they see first hand (Betts 1994).

Thirdly, because of inseparability, which means that some services are more prone to variability than others, uncertainty for consumers is increased. This leads to heterogeneity in which the quality of the service product is dependent on personal interaction. In effect, the standard of financial advice may vary from person to person (Devlin et.al 1995).

Similarily, services cannot be stored for some future time period, and must be supplied when demanded by consumers (i.e. they are perishable). Supply and demand must be synchronised. Betts (1994:43) put it as follows;

> *"Until quite recently what read 'convenience' to the banks read intensely irritating to everyone else: denoting a 3.30 closing and no Saturday morning opening."*

Meiden (1996:3) identifies other characteristics which are specifically relevant to the delivery of banking services.

- **Highly individualised marketing system:** A close personal and professional client relationship exists, direct channels may be the only feasible choice. An important issue in relation to this is that of personalised service versus automation. Financial services involve a series of regular two way information flows over an extended period of time.
- **Lack of special identity:** One financial service is very much like the next to the majority of the public. As major competitors offer similar services, the emphasis will be on the promotional aspects rather than on the inherent uniqueness of a particular financial institution's service.
- **Heterogeneity, or a wide range of products / services:** The implications of this is that very seldom can a service be standardised.
- **Geographical dispersion:** Branch networks need to be of adequate size and scope in order to provide benefits of convenience and to meet international, national and local needs.
- **Growth must be balanced with risk:** There must be a well controlled balance between expansion, selling and prudence.
- **Fluctuations in demand:** Related to the general economic activity.

McKechnie (1992:5) adds to these by including;

(**Fiduciary responsibility:** This refers to the responsibility of financial services organisations for the management of customer investments and the quality of financial advice. This places greater emphasis on the qualities of trust, honesty and reliability in the interactions between consumers and organisations, especially when the financial product is complex.

As a result of these distinctive characteristics, financial service providers have many unique challenges to overcome to meet consumer needs.

2.5 Strategic Marketing Orientation

The strategy used by FSOs to meet the challenges outlined have received much attention. Ennew and Wright (1990) believe that suppliers of personal financial services were forced to develop increasingly strategic marketing efforts. They go on to classify strategies in terms of competitive scope, which is broad or narrow, and competitive advantage, in terms of cost or differentiation.

Companies that research and target customer groups intending to develop products to meet their needs, are often termed market orientated. A market-orientated company seeks to meet the needs of customers by the application of marketing techniques (Speed and Smith 1995). A survey which dealt with self perceptions in the UK financial services markets, showed that 53 per cent saw themselves as being 'market orientated', compared with just 2 per cent five years earlier. This suggests that the transition was relatively rapid (Hooley and Mann 1988). However, company perceptions and reality, may be two different things. The extent to which truly 'market orientated' retail banks exist, is open to question. Speed and Smith (1993:3) argue that the increasing sophistication of competition, which led to the increasing importance of marketing, has posed problems for many retail banks. They say that in effect, a changing marketing orientation has *"served to increase the need to compete, and simultaneously increased the costs of competing"*.

Skeel (1991) agreed that marketing has increased rather than relieved the problems of the industry, due in part to the way it was implemented. This may be somewhat extreme, however it does highlight the immense pressures that a changing environment has meant for the financial services industry. In this competitive market, it has been argued that companies can only develop profitably if they have competitive advantages to persuade customers that they are unique (Doyle 1987). The basis of competition between financial services organisations is therefore critical.

2.5.1 The Search for Competitive Advantage

Ennew and Wright (1990) and Farrance (1993) suggest that banks have a wide competitive scope due to their broad market coverage and that the trend is towards competitive advantage based on differentiation. Differentiation strategies based on the market as a whole, or at specific segments, are generally seen to be more appropriate than cost based strategies in which specific types of financial service organisations focused on traditional product ranges (Ennew et.al 1989). However, rapid diversification may cause problems by confusing consumers and may also lead to a lack of clear positioning (Ennew et.al 1993). In comparison, building societies are seen to have a more narrow focus characterised by market niches (Farrance 1993).

Speed and Smith (1993) suggest that competitive advantage based on new product features was short lived in many cases. They believed that increasing competition led to higher marketing costs. This in turn, served to increase product costs. In general, Speed and Smith (1993) argue that the mass of financial products available has resulted in low consumer awareness.

As has been shown in Chapter One, old methods of securing competitive advantage using the 4ps are no longer important in many competitive environments. This is particularly true within financial services in general, and retail banking in particular. Wong and Perry (1991) point out that in the 1970s, convenience in terms of place or location, was the single most important factor for selecting a bank branch. This has been eroded to some extent, with many competitors now offering similar services in the same locations. They also point out that financial product features can be quickly copied by competitors in a much shorter time than for consumer goods. The basic banking facilities offered do not vary between providers, for example, cheque books, cashcards, standing order facilities. Therefore, banks must look further than the features of the product itself (Caunce 1995). de Moubray (1991:68) believes that in a banking setting;

> *" Price and product, two main elements of the traditional mix, ... cannot achieve sustainable competitive advantage "*

Reflecting this, and in line with the changes in marketing theory outlined in Chapter One, it was widely recognised that a different approach was required.

2.6 Relationship Banking

Hales (1995) has suggested that as little as 15% of customers are the source of 80% of a bank's profit. This is well known within the industry, and it has become increasingly recognised that relationship development, and multiple products sold to customers, are the most appropriate paths to take (Howcroft and Beckett 1996; Ennew and Binks 1996; Stone and Laurie 1996).

Within corporate banking the development of relationships between banks and their customers has received widespread attention. Relationship managers for large profitable business accounts have become the norm (Perrien et.al 1993). Relationships between banks and individual consumers have also begun to receive attention.

> *"Participation in service relationships is held to be of particular importance in which credence qualities play an important role in customer evaluation, and in which perceived risk is high. Since both these characteristics are relevant to financial services, relationship participation will be an important factor in service delivery in this area"* (Ennew and Binks 1996:5).

Green (1982:114) described the relationship between a customer and their bank as *"fundamental to the very process of banking"*. He goes on to say that banks have traditionally placed emphasis on relationship strategies, which use branch networks to attract customers and subsequently develop personal relationships as a basis for selling other products. Palmer and Bejou (1995) believe that this approach has decreased due to de-skilling of branches and cost cutting. They believe that banks have had to redefine their relationships with consumers by reinventing the previous personal interaction of bank managers. This, they argue, can be replaced with named individuals and personal contacts to oversee relationships, complemented by powerful databases. They believe it is a relatively market orientated approach in which the needs of consumers are fully met and in which mutual benefit is gained, not from individual transactions, but over time from the relationship as a whole.

Berry and Thompson (1982:65) defined relationship banking as *"attracting, maintaining and enhancing client relationships"*. They argue that it is fundamentally different from 'order taking' in which the onus is on a customer to visit the bank as a result of advertising and promotions. Instead the onus is on a client's individual needs, and how those needs might be met from the range of services available from the bank. Mouthino and Median (1989) show that switching levels can decline as the customer becomes committed to more services.

The potential for relationship development in banking is supported by research cited by Stone and Laurie (1996) which suggested that although consumers rarely see themselves as having a relationship with an institution, relationships are more likely for financial services. However, while the potential may exist, the reality of universal relationship development within retail banking is far from clear.

2.6.1 Barriers to Relationship Development in Retail Banking.

Jones (1996) suggests that major branding difficulties exist in retail banking. This reflects the fact that there is a general lack of product brands in the financial services area. Relationships generally exist at a corporate, rather than a product brand level. This is problematic, because Jones believes that consumers see few differentiated corporate brands, and retail banking is people based. While people are involved in the delivery of brand promises variability may occur, resulting in confused brand messages. He goes on to argue that some financial services operators, such as First Direct, have successfully created an information based relationship between the customer and the brand, which is not based on any promise that the company staff know the customer as individuals. It is based on the promise of excellent service delivery, which is difficult to achieve for many traditional retail banks.

Stone and Lowrie (1996) believe that most European banks do not have coherent long term strategies for retaining customers through relationship development. The main component of banking remains transactional, i.e giving balances and moving funds. Doing this cost effectively, while meeting customers longer term needs, remains problematic. They go on to say that while a relationship is advocated by bank marketers, it is not mutually perceived to exist.

> *When banks need customers , banks expect customers to respond. But even if they do, when the customer need the bank, particularily if this is at the time of crisis, the bank does not respond or responds negatively"*
> (Stone and Lowrie 1996:193)

The development of relationships in banking are widely recognised in the industry, as being distasteful to many consumers.

> *"The unappetising reality is that most customers seek to have as little to do with their bank as possible. They need it, so they use it , although in an ideal world they would pass it by"* (Hoffman 1995:21).

Similarly, Farrance (1993:4) cited a 1991 Mori survey in the UK, which suggested that banks were seen as being all the same by half of the respondents, and 37 percent believed that banks spent too much time trying to sell them new products and services. Paddy Lynch (1994), head of marketing at National Irish Bank, suggested that the term relationship banking has only been paid lip service in recent years. He cited a report done for the bank, which suggested that customers' main concern in their relationships with their bank, was bank charges, which was not generally being addressed by banks. These have all lead to the perception widely held by consumers, that bankings' relationship orientation *'is prompted by financial lust, not customer trust'.* This leads to a gap between the advocated concept and its actual implementation (Perrien et.al 1993:144).

Perrien et. al. (1992) also outlined shortcomings that many customers saw in the implementation of a relationship approach. These included high turnover and limited authority of front line staff and account managers, which precluded relationship development. Bank structures in many cases meant that staff had inadequate authority to match their responsibilities. Stone and Laurie (1996) believe that part of the problem is that staff themselves sometimes do not fully understand the complex products.

Similarly, measures of performance of bank staff were based on purely transactional criteria, despite the banks advocating the development of relational exchanges. Stone and Laurie go on to argue that without the necessary strategic input from top management, a relationship may be seen as an opportunity to cross-sell products to customers without addressing any mutual benefits of the relationship. Axon (1992) believes that the requirements of transaction management and relationship management have been confused, resulting in a decline in customers' satisfaction.

Moutinho and Median (1989) argue that the introduction of technology, such as telebanking and ATMs, has been another barrier to relationship development. This has meant that the interaction between a bank and its customers has greatly decreased. They believe that a trend of 'depersonalisation' has emerged in the industry, which has advantages for customer service and leads to cost savings, but which has a side effect of less bank-customer interface.

These barriers to the development of banking relationships mean that the implementation of relationship strategies may be problematic. However, it has been suggested that relationship development may be more appropriate and possible for more complex products.

2.7 Relationships and Types of Product

Stone and Laurie (1996) believe that high credence products such as pensions and investments, which are difficult to evaluate, increase the perceived risks faced by consumers when making a financial decision. This requires an element of trust and faith, which is conducive to relationship development. There is some evidence to suggest that the potential exists for banks to gain that trust, develop a relationship, and sell high credence products. In a study completed by Howcroft and Beckett (1993) it was suggested that customers placed emphasis on relationships simply because they did not understand the complex products on offer.

Research by Howcroft and Beckett (1996) went further to suggest that:

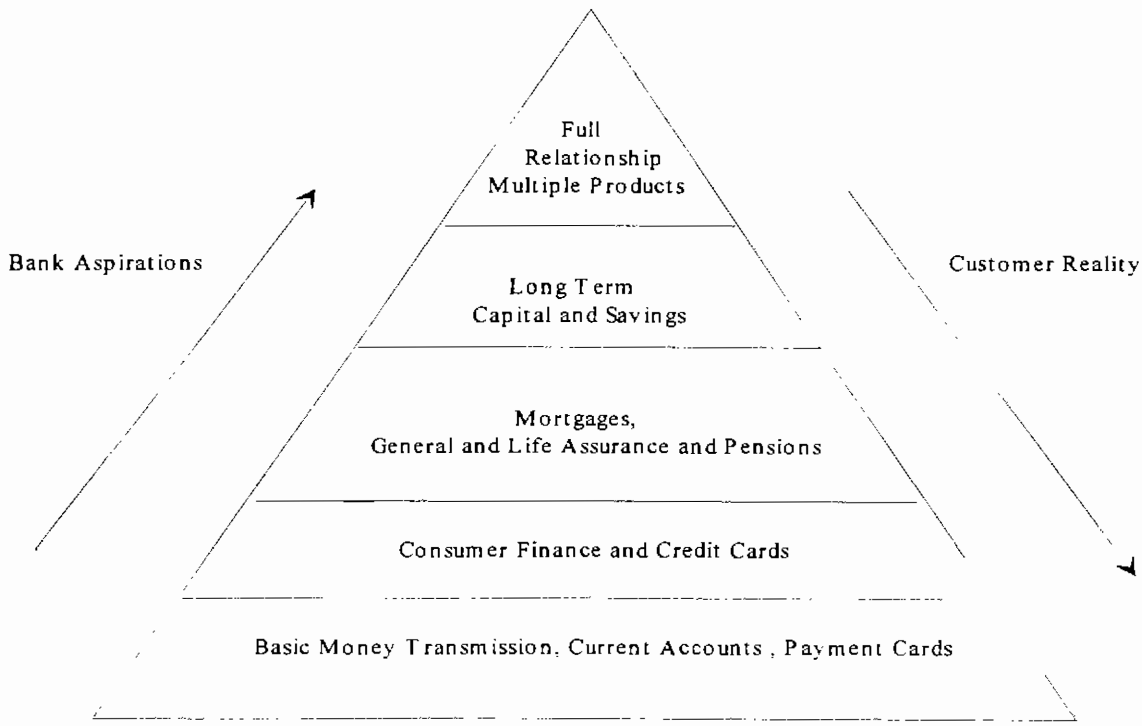
- Relationships may be more important, the more complex the financial product.
- A relationship was the most important factor regarding "where" the purchase would take place.
- High credence products are more difficult to assess in terms of relative value, therefore customers may be willing to substitute price (and not shop around) for trust based on a relationship. (i.e. if banks can cultivate relationships, the potential exists to sell more high credence products).

Relationship development, therefore, can be seen as being vital to converting indifferent customers into loyal clients, who no longer see it as necessary to purchase different financial products from different institutions (Axon 1992). In the past attempts were made to sell financial services one at a time. Banks increasingly recognise that customers need a wide variety of financial service products as they move through their lifecycle, and family circumstances change (Kinsella 1996). Meeting these needs, and gaining an increased share of a customer's business through these various stages, is critical to profitability.

Despite the potential for relationship development for more complex products, Howcroft and Beckett (1996) believe that banks face problems in its implementation, due to the traditional demarcation within the financial service industry. They go on to suggest that a continuum exists between financial products which consumers have the potential to purchase from banks. Less complicated products such as household insurance and loans, have traditionally been associated with banks. Pensions and life assurance, on the other hand, are recognised as being more linked with non bank financial institutions. Farrance (1993) agrees that the majority of bank customers have their savings, mortgage, and insurance needs, met by other financial institutions. Retail banks may face difficulties in moving customers towards more complex products and mutually rewarding relationships. Such movement is portrayed in the hierarchy shown as Fig. 2.1.

Figure 2.1

Bank Aspirations Versus Customer Behaviour



Source: Farrance, C. (1993) "Can Banks Succeed in the Current Marketplace?", The International Journal of Bank Marketing, Vol. 11 (2), pp. 2-9.

The main difficulty of moving customers through this hierarchy lies in the essentially 'passive' nature of branch networks, which require customers to take the initiative by visiting the bank (Howcroft and Beckett 1993:269).

Howcroft and Beckett's findings also suggest a number of other important points.

- For relatively straightforward products, such as motor and household insurance, greater emphasis is placed on price and less emphasis on having a relationship.
- It is also recognised that because customers are becoming more sophisticated, in the future, they may be increasingly willing to shop around for factual information about complicated financial products. They also suggest that some consumers may wish to

spread their risk by buying financial services from a number of specialist financial institutions.

In summary, it seems that banks are in a potentially strong position to market and cross-sell high credence products to existing customers due to established banker-customer relationships. Kinsella (1995a) suggests that the small nature of the Irish market, in which banks have a broad scope and have strong customer loyalty (in comparison to the UK) will mean even greater cross-selling potential. However, he believes that this will not be possible with many consumers, who will continue to shop around. The success of a relationship based strategy which will move customers to the pinnacle of the triangle, will only be successful if banks can identify the important factors in developing relationships with customers and get them right (Howcroft and Beckett 1996:6). Banks have thus begun to fundamentally address the way these services are delivered, in order to meet different requirements for different situations.

2.8 Enhancing the Banking Relationship.

Several important elements have been put foreword, which have the potential to strengthen banking relationships.

2.8.1 Service Quality

Waterhouse and Morgan (1994) put foreword the idea that all customers at some point in time, even if it was only when opening an account, would have a positive attitude towards a relationship with the bank. Customer service based on service quality is increasingly recognised as being a critical focus, to ensure that these relationships develop and sustainable competitive advantage is achieved (Lewis 1994).

Supporting this, Wong and Perry (1991) point out that it has been estimated that two-thirds of customers who stop doing business with a particular organisation do so because they receive poor service. They go on to say customer service quality is more important than the 4Ps in establishing sales. This is echoed by Axon (1992) who states that the most profitable customers will increasingly frequent banks which can ensure consistently high standards of customer service, within a well managed relationship. It has been shown also that overall customer care and orientation, appeared to give the greatest differentiation between financial institutions (Devlin et. al 1995). However, it is also recognised that service quality has many dimensions, it may mean different things to different people, and cannot be easily measured (Mersha and Adlakha 1992).

Gronroos (1984) distinguishes between three specific dimensions of service quality.

- The technical quality of the outcome of the service encounter, i.e. what is received by the customer.
- The functional quality of the process, i.e. how the service is delivered. This is concerned with psychological interaction between buyer and seller. It includes attitudes of employees, interrelationships between employees and customers, and genéral behaviour of employees.
- The overall corporate image dimension. This will be built up over time and will be the result of the technical and functional quality dimensions.

Devlin et. al. (1995) believe that the personal consumer is more interested in the functional quality dimension of financial services (i.e. how the service is delivered), rather than the technical quality dimension (i.e. what is received as the outcome of the production process). This particularly reflects the complex and high contact nature of financial services, in which psychological interaction between buyer and seller takes place, and difficulties arise in evaluating many products (Howcroft and Beckett 1996). Financial service organisations in general, and banks in particular, have increasingly recognised this, and customer care programmes have become the norm. The acknowledgment of the importance of interpersonal skills in relation technical skills, has been the main driving force behind this (Burton 1994).

In a study done by Lewis (1991) into customer expectations in relation to service quality in banking in the UK and US, the majority were satisfied, or very satisfied with the service they received. Some of the factors which increased bank customers' satisfaction, highlighted the importance of interactions with contact staff in service quality. Honesty and trustworthiness were seen to be particularly important, while half the respondents became dissatisfied when staff did not know their personal needs and failed to give them individual attention. It is generally agreed therefore, that greater service quality leads to enhanced prospects of relationship development.

2.8.2 The Importance of Front Line Staff

It has been emphasised that the focus on service quality must start at the top of the organisation *"...but must become a top down, bottom up evolution for sustained success"* (Coffey 1995:16). In effect, the key to its success lies in the motivation of front line staff, which are the main link between an organisation and its customers. Clearly, in most banks, face-to-face encounters are the main mechanism for service delivery, and the customer's relationship with the personnel providing the service is of vital importance (Ennew et.al 1993).

As result of this, great emphasis has been placed on the role of customer-contact employees, and their potential contribution to relationship development. These personnel not only sell the product but are seen as being part of the service (Christopher et.al 1991; Stephenson and Keily 1991). Turnbull and Gibbs (1987) in a US bank setting, went so far as to say that because of the nature of banking services, (i.e. intangibility, complexity, uncertainty) the service provider was often perceived as the item of purchase itself. They argue that in a banking environment people can be the main differentiatior.

2.8.3 Internal Marketing and Empowerment of Front Line Staff.

The challenge is to ensure that the service delivered meets the targets set. Internal marketing attempts to meet this by viewing employee relationships in the same light as customer relationships. Berry and Parasuraman (1991:151) define internal marketing as

> *" attracting , developing, motivating and retaining qualified employees, through job products that satisfy their needs"*

The assumption is that the quality of employees affects the overall quality of the service, and therefore, relationship development (Burton 1994). Satisfying the wants of internal customers increases the capability to satisfy the needs of external customers (Lewis1995).

In order to achieve this, it has been argued that personnel policies need to be adopted, which address recruitment, selection and training, and appraisal, which optomise the potential to meet customer needs. The front line staff know more about the customer than other staff, and they must be given increased authority and training to allow them to use the company's resources and their own initiative to meet the customers needs (Wong and Perry 1991:12). Axon (1992) described it in terms of empowering contact staff so that they can perform many of the functions of the branch manager in the past regarding relationships with customers. This includes tailoring bank products to individual customer needs, and being flexible enough to respond to problems, such as overdraft extensions, and refunding charges. Lewis (1995) argues that success in these policies is essential in order to lead to appropriate service cultures, to support relationships with external consumers.

2.9 Relationships and Types of Distribution Channel

Not only will the type of personal interaction determine whether relationship development is possible, the types of distribution channels used will also play a large part (Howcroft 1992).

A distribution system has been defined as;

> *"The network of people, institutions or agencies involved in the flow of a product to a consumer, together with the informational, financial, promotional and other services associated with making the product convenient and attractive to buy and rebuy"* (O Shaughnessy 1988:223).

Howcroft (1992) argues that retail banking faces problems in the form of alternative technology driven distribution channels. These non-branch competitors have a significant cost advantage over branch oriented banks. Non-branch oriented institutions have emerged using 'product' rather than 'relationship' oriented strategies for the sale of relatively simple financial services. He goes on to say that this has significant challenges for traditional relationship development and personal interaction, which characterised branch led retail banks.

In order to meet these challenges, it has been argued that retail banks need to optimise the distribution channels used, to compete over the increasingly wide range of products (Ennew et.al 1989; Mathewson 1996). Few customers will want to be restricted to one distribution channel. Most will want to use a mixture of branches and non-branch channels, particularly since different distribution channels are appropriate for different products. The delivery mix is becoming a critical element in financial services marketing, particularly for banks which have almost exclusively relied on branch networks (Howcroft and Kiely 1995).

The most important distribution channels which have affected retail banking and relationship development are as follows:

Direct Marketing, Direct Mail and Direct Response Advertising

This is in effect any communication that invites potential customers to communicate directly (via mail or telephone) with the company. It is a promotional tool, as well as a channel of distribution. Direct response advertising is a two stage process in which the consumer responds to leaflet or press advertising and collects further information prior to purchase. Direct mail in contrast is used for even more precise targeting, to a specific list of customers (Easingwood and Storey 1996). Easingwood and Storey (1996) go on to say that one of the major problems with direct response advertising is its lack of personal contact. This makes it more suitable for standardised, low advice, relatively less complex products. It has also been suggested that it is very much cost based, rather than providing consumers with what they want (Howcroft and Kiely 1995).

However, the increasing sophistication of information technology and database marketing is now enabling more efficient targeting of customer groups, and tailoring services to individual needs. This can lead to individual quotes for different products, creating opportunities for relationship development. Nevertheless, traditional retail banks are seen as followers compared with other sectors (Wright and Howcroft 1995).

Telemarketing

One of the main threats to retail banks in recent years has been the increasing use of the telephone as a channel for distributing financial services. Telephone distribution banks such as First Direct, have successfully distributed a range of financial services by phone (Howcroft and Kiely 1995). Bank of Ireland and AIB set up telephone banking services to sell personal loans in 1991. However, they have both progressed to sell a wider range of products, including mortgages and insurance (Seekamp 1996). Basic motor and household insurance can be provided by direct banking, however it is unclear whether more complicated products can be sold using these methods, and the type of relationships which would result (Howcroft and Kiely 1995).

It has been stressed that in the main Irish retail banks, direct banking services are used to complement existing services. Patrick Moynagh, head of strategic banking and planning at AIB's direct banking service argues that

> *"In a direct banking service, you retain the relationship with the bank branch; with a direct bank, the complete relationship is with the centre"*
> (Seekamp 1996)

Direct Salesforces

This method of distribution may increase in importance as product ranges expand and become more complex. It has been particularly used within the insurance industry, and is the most pro-active channel. Many banks have begun to employ a salesforce to work closely with branch networks (Howcroft and Kiely 1995). Direct salesforces involve a highly personalised initial service. This personal contact has potential advantages for the development of customer relationships. However, often after the financial products are sold using this method consumers feel remote from the FSO which they feel was not directly involved in selling the service. Back up services and the cultivation of a relationship may be problematic. Many direct saleforces have been criticised in the past for being completely sales orientated, without the interests of the consumer at heart. As a result many consumers continue be wary of such methods and are unwilling to trust much of the advice being given. To effectively utilise this channel for relationship purposes an efficient after sales support service should be in place (Easingwood and Storey 1996).

Branch Networks

Bank branch networks still constitute a substantial barrier to competitive entry (Howcroft and Beckett 1993). This is largely related to the fact that convenience has been identified as a major factor in the selection of a financial institution (Wong and Perry 1991). However, Howcroft and Kiely (1995) argue that the emergence of alternative cost effective delivery systems, have undermined the exclusive position that bank branches once held. In many cases, the proliferation of financial service providers has undermined branch networks' competitive advantage, in terms of location and convenience, while at the same time providing direct price competition. Howcroft and Kiely go on to say that in the US and the UK, the increasing pressures have led to a significant shrinkage in branch networks. However, the role and design of branches is inevitably changing, and thus their role in relationship development. This has received widespread attention from many authors.

Automation of processing administration and routine customer service will serve to move branches from being small processing centres where customers are peripheral, to being sales, marketing and advisory centres to meet customers' needs and sell extra products (Kinsella 1995a). This automation has reduced the branch's traditional requirement for bank clerk staffing, while simultaneously increasing output capacity. Howcroft and Beckett (1993) have suggested that this presents opportunities for changing the role of staff, from clerk to financial sales person, and changing the drab branch, to financial department store. Howcroft and Kiely (1995) put foreword some of the main changes which will enable branch banking to continue as a viable distribution channel and a focus for relationship development.

They cite zoning policies as being appropriate for many branches, in which certain areas of banks are designated for specific banking transactions. Customers seeking convenient money transmission facilities, such as withdrawals and statements, are facilitated by high-tech self service areas. Customers opening accounts, applying for simple loans or credit card applications, are met face-to-face in an open plan environment. People requiring more complex, personalised financial services, are met in a private setting and given individual personalised attention. From the initial contacts, opportunities to sell more complex products may be identified and customers can be referred to specialists who can provide personal attention. Hoare (1992) mentions that a 'Hub and Spoke' approach has also been developed, with general and specialised branches geared to the needs of specific areas. A core branch offers a full service with satellite branches offering a more limited automated service. Development of relationships are seen to be of paramount importance in satellite branches, which are geared to attracting new customers, and providing basic bank services (Crosby and Stephens 1987). This will lead to personal service branches for high net worth individuals and customers needing advice on more complicated financial services.

Thwaites and Vere (1995) argue that the current account and basic money transmission services have traditionally been seen as particularly important, as it is usually the first service used by customers. They believe that it is essential to retain this, as it forms the base from which a relationship can be developed and other services sold.

Despite this school of thought, many see technological innovations as posing some major questions as to the future of branch led retail banking, and bank customer relationships. Farrance (1993) believes that technological developments, while improving efficiency and increasing convenience, can make banks more impersonal. He argues that less customer contact may mean less customer loyalty, and thus decrease the potential for relationship development. In a study done by Smith and Lewis (1989) the view that technology had depersonalised service was predominant among some banks. Staff knowledge of individual customers had been reduced, while the huge volume of business made personalised service to everyone impossible. A report by Deloitte and Touche (1995:147) predicted that technological innovations will mean that most consumers will receive banking services through the telephone, or via a home TV based system, as the primary access to retail banks. Personal contact through the branch network will be a privileged channel for the profitable few.

> *"The rest of humanity will have to be content with entering the lobby and dealing with technology to transact its banking"*

This seems particularly extreme, nevertheless there is a somewhat brighter picture painted by many regarding the role of technology and the development of banking relationships through the branch network. There will continue to be an expansion of telephone and interactive banking because it is the way a large number of customers prefer to do their banking (McDowell 1994). However, it is argued by Wright and Howcroft (1995) that many of these services have had limited success in some sections of the market, due to a lack of emphasis on marketing needs, and low customer acceptance.

There will be consumers who are unwilling to participate in an electronic banking system in the short to medium term, and whose preference will be for continued 'traditional' retail banking (Gwin 1995). ATMs in particular facilitated 'cash and dash' customers who primarily want speed, while freeing staff for customer interface involving more complex products. For customers who are unresponsive to attempts to develop the relationship beyond transaction management, an automated approach which minimises the cost of these transactions, may be most appropriate (Ennew and Binks 1996).

Prendergast et.al (1994) believe that zoning different areas of banks, and hub and spoke branches, suggest that relationship and product strategies are not mutually exclusive. Both may be appropriate, depending on the particular situation, and the complexity of product being sold. They believe that banks increasingly realise that there will always be situations where consumers need personal contact and other situations where convenience, in the form of self-service technologies, are most appropriate and cost effective. Stone and Lowrie (1996) suggest that treating each customer as an individual is a remote objective. Nevertheless, they argue that it should be possible to speak to customers as if the person they were talking to actually did know them well enough to have a relevant conversation.

The long term future of distribution channels and their effect on banking relationships is still unclear, and will depend ultimately on whether consumers want to use them (Howcroft 1993). Easingwood and Storey (1996) state that the evidence suggests that the use of a wide number of distribution channels which cater for the different requirements for different financial services, leads to increased overall performance, improved sales, enhanced profitability.

2.10 Segmentation by Service and Relationship Need.

Due to the major changes in consumer behaviour, regulation, and technology, segmentation of banking markets has become crucial (Eriksson and Mattsson 1996). Banking segmentation in the past was based on geographical areas, where the entire product range was offered. During the 1980s the trend was to focus on product related market segments (Mc Dougall and Levesque 1994). The major environmental changes and product proliferation led retail banks to attempt to segment markets based on a wide variety of approaches. Some of these included, demographics, product purchase decisions, product usage rates, gender and many others (Kimball 1990). Berry and Thompson (1982) have shown that segmentation strategies in banking have also focused on technology driven differentiation between levels of service standardisation. Simple standardised services need little customisation, while more complex less standarised services require a different approach.

In line with the suggestion outlined earlier, that product and relationship strategies are not mutually exclusive, Eriksson and Mattsson (1996) believe that production technology corresponds with a product segmented market approach. They assume that segmentation strategies often correspond to strategies for the production processes. In other words, as the delivery of financial services takes a more unstandardised and relational approach, then the segmentation approach should do likewise to take account of this (Wong and Perry 1991). Potential clearly exists for relationship development within a segment of customers in corporate banking, and it has been practiced for some time (Perrien et.al 1993 and Shani and Chalasani 1992).

It is less clear cut within a consumer bank setting. Palmer and Bejou (1995) recognise that many customers are transaction oriented. They suggest that it may be necessary to segment the customer base to target relational-oriented customers who are most likely to purchase ancillary, and high credence products. Segmentation is increasingly seen to enable a bank not only to choose which products to offer, but which relationship strategy to apply, and what level of resources to commit to different customers (Cheese 1996).

However, some authors down play the importance of relational segments. McDougall and Levesque (1994) have completed a study of consumers in which segments based on convenience and the outcome of the process were seen to be more important, than those for service. This is contradictory to much of the literature outlined earlier. They found that;

> *"Financial institutions are primarily outcome services rather than process services. While courteous service should be provided, too much emphasis on the process aspects of the service, may come at the expense of outcome"* (McDougall and Levesque 1994:22)

2.11 Summary

In summary, the literature reviewed has pointed to the the increasing deregulation and rapid environmental change which is currently facing financial services organisations in general, and retail banks in particular. This has led to major changes within retail banking as they attempt to meet customers' changing needs. The emphasis has shifted towards differentiation through improved customer service and relationship development. This has the potential to make certain groups of customers immune to competitors advances, as competitive advantage based on personal service and relationship development is difficult to erode.

While relatively 'simple' products such as loans and deposits, are more suitable to a transaction based approach, it has been shown that complex financial products which are high in credence qualities are particularily suitable for relationship development. The branch network of retail banks makes them well placed to capatilise on this potential. Nevertheless, at present, while the potential may be there, the reality is different. Retail banks have some way to go to achieve long term mutually beneficial relationships with any of their customers' who desire one. Service quality with individualised attention has been identified as being important in achieving this. Similarily, while many authors have espoused the benefits of relationship development, this has been primarily from the bank's perspective.

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Chapter Three

Industry Review

Retail Banking in Ireland

3.1 Introduction

Many of the issues facing Irish banking, such as the blurring of boundaries between banks and the non bank sector, the rapid pace of technological change, and changing consumer preferences, are common to financial institutions throughout the world. This section examines the Irish retail banking sector in detail. Specifically, it analyses the regulation of the industry, the major players on the scene, and highlights the important issues and challenges which have led to a transformation of the banking arena over a relatively short period of time. Many of the issues have already been outlined in an international setting, but this chapter examines the banking environment and places it in an Irish context.

3.2 The Irish Banking Industry

The banking sector in Ireland comprises approximately 50 banks or banking subsidiaries, with a direct physical presence in the market. Over two-thirds are foreign owned, or majority owned subsidiaries of foreign banks. This represents a diversity which is among the highest in the European Union. These banks now account for over a quarter of total bank group assets in the Republic of Ireland. The EU also authorises a further 11 foreign owned credit institutions to provide branch based services and up to 50 other institutions to provide cross border services to Ireland (Irish Banks Information Service 1995).

Retail banking in Ireland comprises the five big "high street" banks. AIB, Bank of Ireland, National Irish Bank, TSB and Ulster Bank. These represent the associated or main clearing banks, the development of which can be traced back to the 17th century. They operate through a network of 920 branches and sub offices and 800 ATM machines. In the past they primarily provided lending, deposit and money transmission services. In effect, they acted as financial intermediaries and provided the means for the settlement of transactions. In linking people with money to deposit to people who require lending, banks still fulfill the important function in the economy of financial intermediation (IBIS 1994).

The Irish banking sector services a huge customer base. Almost two thirds of adults have a deposit account and over one third have a current account, however there is still a very significant 'unbanked' population (Foley 1996:76) (Table 3.1). Thousands of non-account holders use banks' services also, such as cheque encashment and foreign exchange.

Table 3.1 Finance Account Ownership

Current Account	
Any	42%
Bank	40%
Building Society	3%
Cash Card	
Any	42%
Bank	39%
Building Society	3%
Deposit/Saving Account	
Any	62%
Bank	46%
Building Society	10%
Post office	5%
Credit Union	11%

Cited in Foley, E. (1996)

However, Irish Banks now offer a wider, more complex and sophisticated product range. Almost 300 different retail banking products are now available to personal customers. These include pensions, investments, and insurance which were previously the sole remit of other financial institutions.

Retail banks have also moved into investment and merchant banking, with the state's largest banks, (AIB and Bank of Ireland) owning an investment and a merchant bank each. Merchant Banking is effectively the wholesale part of banking, it involves the provision of loan, deposit and other specialist services, including underwriting public flotations of shares to large corporate clients. Industrial banking involves the provision of installment credit to personal borrowers, as well as to companies acquiring plant. They also arrange the leasing facilities on plant, equipment and vehicles.

3.2.1 Ownership

The two dominant players in Irish banking, AIB and Bank of Ireland, are publicly quoted companies. Ownership rests predominantly with small private shareholders. During 1997 AIB became the first Irish company to have a stock market capitalisation of more than £3 billion. This growth has accelerated to a position where both AIB and Bank of Ireland passed the £5 billion mark in 1998 (The Sunday Business Post 1998). Over one third of shareholders own less than 1000 shares while almost 80% own less than 5000 shares.

Table. 3.2 Breakdown of Ownership of Irish Bank Shares.

	AIB		Bank of Ireland	
Size of Holdings	**Shareholders**	**%**	**Shareholders**	**%**
1-1000	14,134	36.8	11,256	39.0
1001-5000	14,965	39.0	12,227	41.4
5001-10,000	4,512	11.7	2,937	10.0
Over 10,000	4,182	12.5	2,828	9.6
	38,423	100.0	29,518	100.0

Source: :Irish Banks Information Service (1994) Banking in Ireland P.7.

Institutional shareholders make up one tenth of the total number of shareholders; they account for nearly 90% of the shares. However, these shares are held on behalf of hundreds of thousands of individuals, through pension and investment funds.

National Irish Bank is a subsidiary of National Australia Bank which is a publicly quoted company with 128,000 shareholders. Similarly Ulster Bank is a subsidiary of National Westminster Bank in the UK. TSB bank is a relatively small bank and is state controlled. Three years ago it agreed to sell its assets to National Irish Bank, but it was not sanctioned by Government. A sale is expected in the medium term to one of several institutions including, NIB, Ulster Bank, Irish Nationwide Building Society and Irish Permanent.

3.2.2 Banking Supervision

The Irish banking system is supervised by the Central Bank of Ireland. Through powers invested by the Central Bank Acts 1971 and 1989, one of its principal tasks is to ensure that there is a stable and efficient banking system. Banks must also be licensed to operate by the Central Bank. Approximately 40 institutions are licensed at any one time. However, building societies and other banks (TSB, ICC and ACC) are exempt from these requirements but are authorised to perform banking functions, under separate legislation. Nevertheless, they are supervised by the Central Bank (Irish Banks Information Service 1994:28).

In addition to the 40 banks licensed pursuant to the Central Bank Act 1971, under the provisions of the Second Banking Directive 1993, an increasing number of banks which are authorised in another Member State of the EU are operating on a branch or cross border basis. Similarly, more than 40 more EU credit institutions have notified the Central Bank of their intention to provide deposit and other services from outside the state. They do not require further authorisation from the Central Bank once authorised in any member state. The result of this is that over 100 credit institutions are now authorised to operate in the Irish market. (Irish Bankers Federation 1996).

As well as licensing requirements, the Central Bank also protects the interests of depositors and investors by ensuring that institutions meet criteria under a wide range of headings. These include, capital adequacy, exposure limits, deposit guidelines, liquidity ratios, deposit protection and bank charges.

European Union controls include provisions on a wide range of areas including, money laundering, bank accounts, investment supervision and reporting requirements. Under the EU Second Banking Directive, operations provided by banks from other Member States in any country are subject to the home country controls. This means that foreign banks operating in Ireland are supervised by regulatory authorities in the state in which they are authorised (Irish Banks Information Service 1995).

3.2.3 Banking in the Economy

Banking operations have a major impact on the Irish economy and Irish society as a whole. 70% of all adults have at least one bank account. 1.9 million current accounts and 4.7m deposit accounts are held with Irish banks.

Banks and their subsidiaries employ over 23,000 people. This has increased each year since 1990 and represents a 17% increase overall.

Table 3.3 Total Bank Group Employment in the Republic of Ireland.

1990	1991	1992	1993	1994	1995
19,700	20,200	21,500	22,300	22,400	23,100

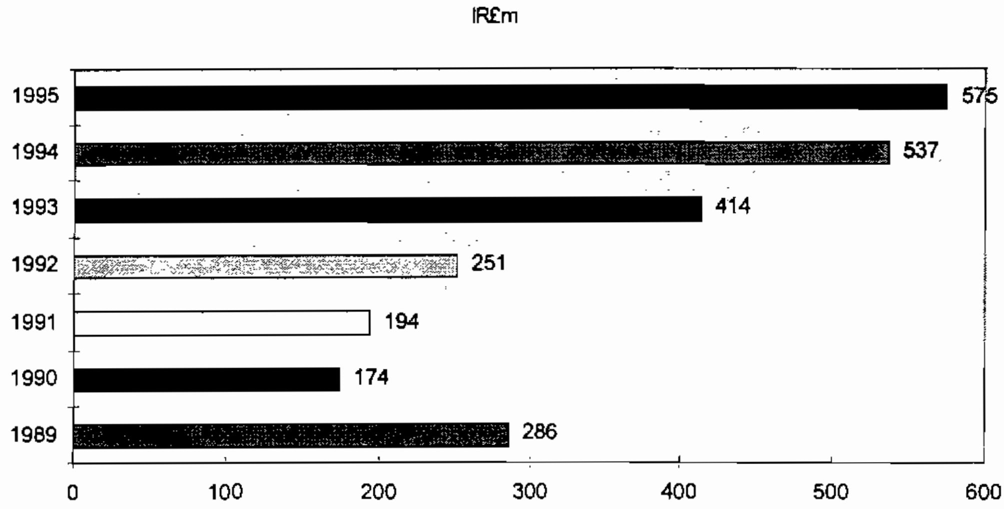
Source: The Irish Bankers' Federation (1996), Annual Review 1995-1996 p. 26.

Taxation paid to the exchequer in 1995 amounted to £533 million. In total the combined contribution of banks to the Irish economy accounted for 4.2% of Gross National Product (Irish Bankers' Federation 1996:30).

3.3 Bank Profits

Profits made by banks have been steadily increasing since 1991

Figure 3.1 After-tax profits, worldwide, Clearing bank groups.



Source: The Irish Bankers' Federation (1996), Annual Review 1995-1996.

This trend has continued with all the main clearing banks returning substantial increases in pre-tax profits for 1996/97.

Table 3.4 Bank Pre-Tax Profits

	1996/97 £million	1995/96 £million	Increase %
AIB	420.8	371.7	13
Bank of Ireland	395.6	362.9	9
Ulster Bank	135.8	120.1	13
National Irish Bank	21.4	19.4	10
TSB	20	17.3	12.4

Source: Annual accounts for 1996 and 1997 (AIB, BoI, Ulster Bank, NIB & TSB)

AIB group chief executive Tom Mulcahy attributes the increases in profits in the early 1990s largely to reductions in bad debt provisions, while profits for 1996 were driven by increases in core income and cost control (AIB Annual Report and Accounts 1996/97).

The steady increases in core income over the last number of years have been the result of low interest rates, economic growth and a general sense of optimism. Most of the profit growth was due to buoyant lending. For example at AIB between 1995 and 1997 overall lending in the domestic market increased by 19.6%, branch lending increased by 14.7%, mortgage lending was 23% higher, while leasing advances rose by 26.5%. This was primarily due to the demand for new cars (Canniffe 1997a). The relative boom in property, and thus mortgage lending, in Ireland is reflected in the fact that Bank of Ireland's mortgage lending was 12.2% higher in Ireland compared with just 1.2% in the UK (Canniffe 1997b). Licensed bank lending as a whole to business, farming and personal consumers increased by 46% between 1990 and 1996.

3.3.1 Cost Control

Parallel to this, the cost base of Irish banks has continually decreased. The ratio of costs to income has fallen from an average of 71% in 1990 to 64% in 1994 (Irish Banks Information Service 1995). Cost control has become increasingly important as banks face competition from financial institutions which do not have large overheads associated with a large branch network. Despite the increasing numbers of staff employed (Figure 3.1), the majority of these are part time staff or on short term contracts. Lower and less progressive salary scales for new entrants have become the norm (Kinsella 1995:19).

Comparing absolute profits made by banks with other financial institutions e.g. building societies, bank profits seem large. However, these profits reflect the greater value of assets used and is in line with banks abroad. Table 3.5.

Table 3.5 Return on Assets for Banks and Building Societies.

1994	Total After-Tax Profits, £m	Total Average Assets, £m	Return on Average Assets
Banks	537	47,333	1.1%
Building Societies	80	8,621	0.9%

Source: Irish Banks Information Service (1995).

Similarly, the average return in 1994 for the four Irish banks listed on the Irish Stock Exchange (AIB, Anglo Irish, Bank of Ireland, Woodchester) was 13.2%. The return for profitable industrial holding companies was 13% while insurance companies had a return of 18.3% (Irish Banks Information Service 1995).

3.4 Attitudes to Banks

Despite the relative parity of banking profits with other institutions, a perception may have arisen among many consumers that banks are making too much money. This is particularly evident in relation to bank charges. Research done by National Irish Bank, (NIB) suggested that bank charges were one of the main concerns that customers had when dealing with banks (cited in Lynch 1994). A Survey of Consumer Awareness conducted in 1994 revealed, that although 90% of bank account holders surveyed did not know how much charges they paid, 75% of them felt that that they were excessive. When asked, consumers continually overestimated the amount of charges compared to what they actually paid (Survey of Consumer Awareness 1994 cited in Irish Banks Information Service 1995).

Despite much of the negative publicity, a survey done by Landsdowne Market Research in 1994 and followed up in 1996, suggested that consumers' overall impression of banks as a whole in Ireland was largely positive, notwithstanding the level of profits and the perceived rate of bank charges. However, attitudes to the body of banks as a whole was less favourable than to the consumer's own bank. Figure 3.2 and 3.3.

Figure 3.2 Satisfaction with Service Received from Main Bank

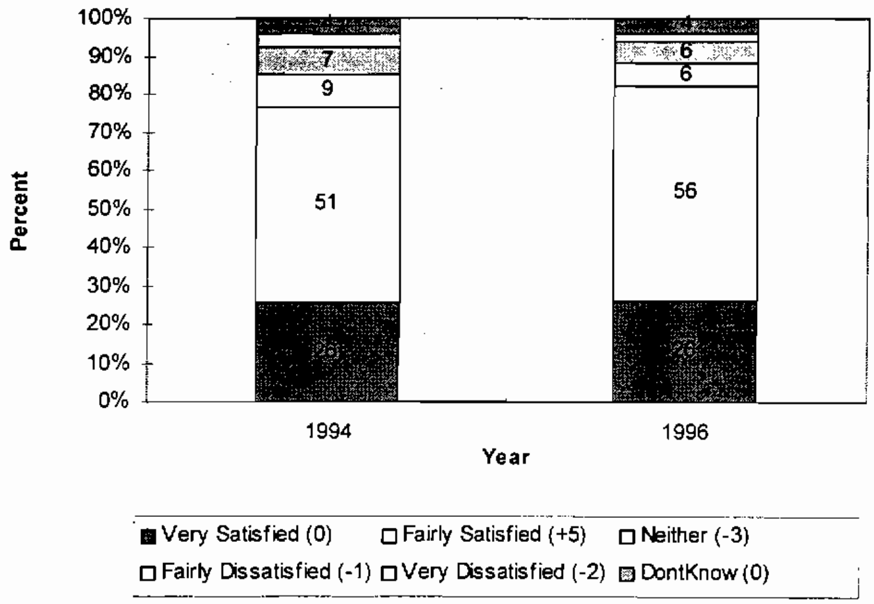
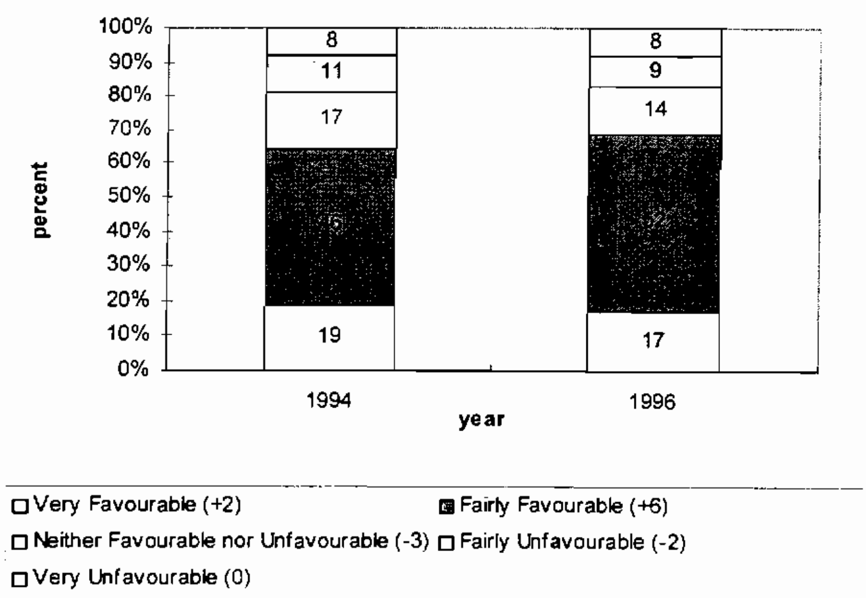


Figure 3.3 Attitude to Financial Institutions in General.



Source: Lansdowne Market Research (1996) Report: Attitudes to Banks Q10. T.25.

This report, albeit produced for the banking industry, suggests that in general banks are viewed relatively favourably in Ireland. This may point to a positive intention by consumers to establish a relationship with their bank, however it does not give an indication of whether they believe that a relationship is present or possible.

3.5 Internationalisation of Irish Banking

International banking has on average grown by more than 20% per annum since the 1970s. This has been seen to be the result of a number of factors. Kinsella (1996) believes that the previously uncompetitive banking structure in an expanding economy led to a rapid growth in inward investment from foreign financial institutions. This had the effect of jolting Irish financial services organisations into mergers in order to develop scale to compete with the competitive threat. Irish Banks now have a significant presence in global markets. National Irish Bank and Ulster Bank are part of major multinational banking groups. The two main Irish banks reflect these changes with reliance on the Irish market continually decreasing.

Bank of Ireland

Bank of Ireland now has a significant focused presence covering a full range of retail and wholesale banking in the UK and the US. Its operations are broken down into four business divisions. These are Retail, Corporate and Treasury, Citizens\First New Hampshire (USA) and Other Group Activities.

Figure 3.4 Bank of Ireland Profits by Geographical Area 1996.

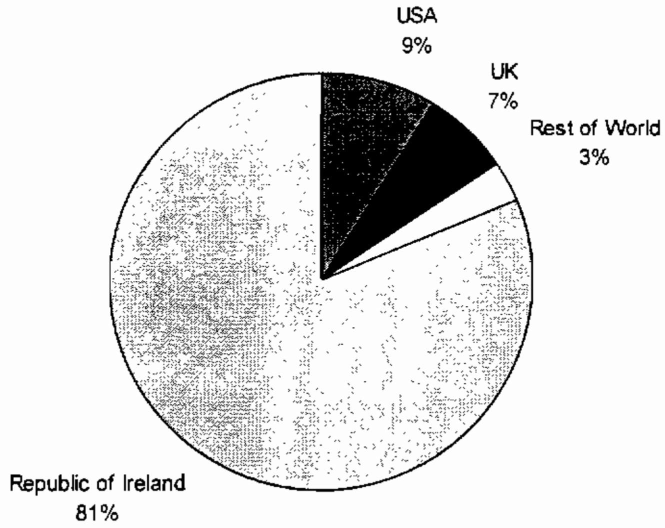
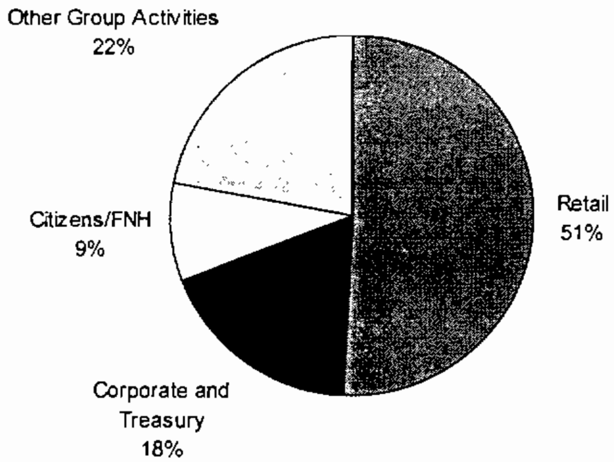


Figure 3.5 Bank of Ireland Profits by Business Division 1996



Source: Canniffe, M. (1997b), "Annual Profits at Bank of Ireland rise 9% to £396m", The Irish Times, May 15th.

Ireland provided 81% of group profits, but this includes profits generated by operations at the International Financial Services Centre. When this is reallocated, 31% of group profits came from outside Ireland. The international dimension is continuing to increase, with the bank's acquisition of The Bristol and West Building Society in the UK for £600 million sterling. This has the potential to increase Bank of Ireland's total assets by 40% (Cannife 1996a).

AIB

AIB's operations are broken down into AIB Bank, USA, Capital Markets and Group. Its expansion trail has resulted in acquisitions in various parts of the world which culminated in an agreed bid of £850 million for Dauphin Deposit Corporation in Pennsylvania. This is the largest ever acquisition by an Irish company and makes it along with it's First Maryland subsidiary, the 46th largest bank in the US. More importantly this strengthens its presence in its key markets in the north east.

This expansion now means that well over half the group's assets are outside Ireland.

Table 3.6 AIB Total Assets by Geographical Area

	Ireland	**Us**	**UK**
	%	%	%
Pre-Dauphin	49	25	24
Post Dauphin	44	34	23

Adapted form McGrath, B. (1997) The Irish Times, January 22nd.

AIB group pre tax profits for 1996 also reflect this geographical spread. 52 per cent of profits are now accounted for by business outside the Republic of Ireland. The US was the largest contributor and this is expected to continue to increase in the years ahead (Cannife 1997a).

Figure 3.6 AIB Profits by Geographical Area 1996

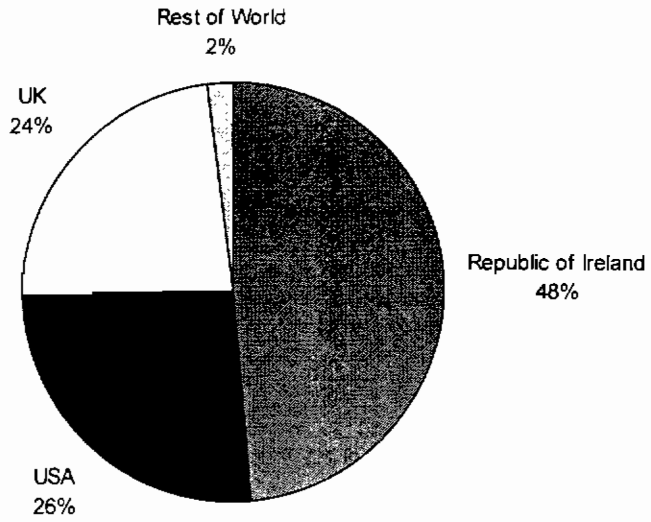
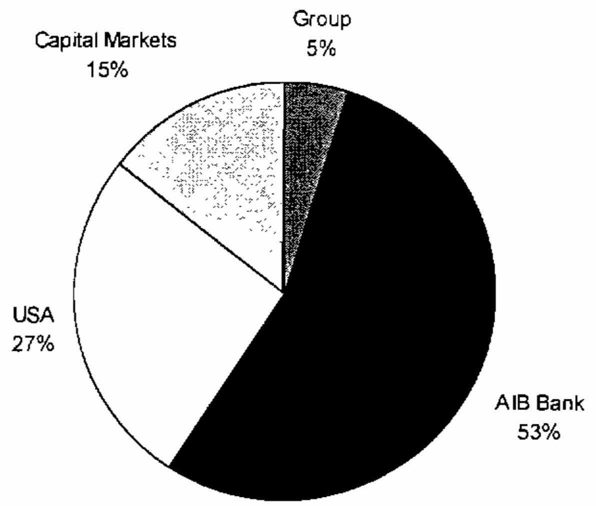


Figure 3.7 AIB Profits by Business Division 1996



Source: Canniffe, M. (1997), "Annual Profits at AIB surge 13% to record £420m", The Irish Times, February 12th.

In tandem with the development of the five clearing banks, the last decade has seen the rapid development of Ireland in general, and Dublin in particular, as a centre for international banking and financial services. This internationalisation has occurred due to EU de-regulation of financial services markets, and has been accelerated by the International Financial Services Centre (IFSC). A range of property and tax incentives have been offered, including a reduced rate of corporation tax of 10%. A variety of financial service activities are provided including, fund management, treasury management, financing activities and insurance. It has succeeded in attracting over 600 projects and up to 3500 jobs (Mac Carthaigh 1997). These changes are the result of a rapidly changing environment, which is now examined.

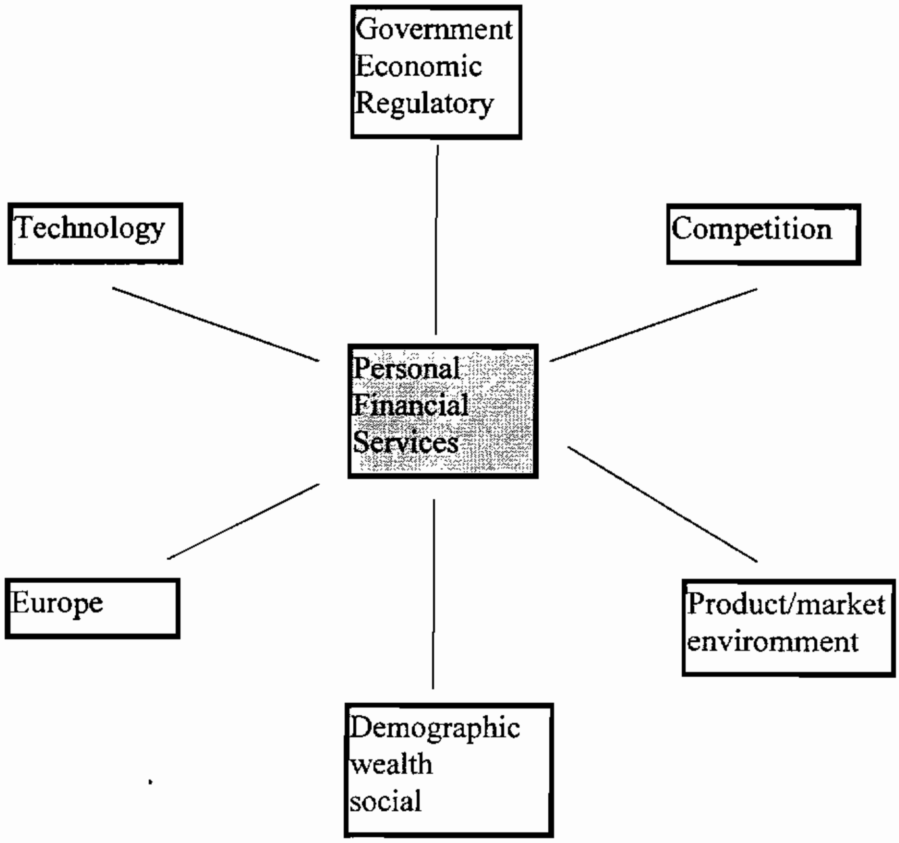
3.6 The Banking Environment

3.6.1 Strategic Pressures

As has been shown in Chapter Two, banking can no longer be viewed purely in terms of traditional banking products. Irish banks now, in effect, have become part of a wider market for personal financial services and are subject to an environment in a continual state of flux. Managing and keeping pace with that change by continually adjusting to environmental conditions has, and will continue to be essential to competitiveness.

The major forces which are reshaping the financial services industry have been outlined by Thwaites (1991) (Figure 3.8).

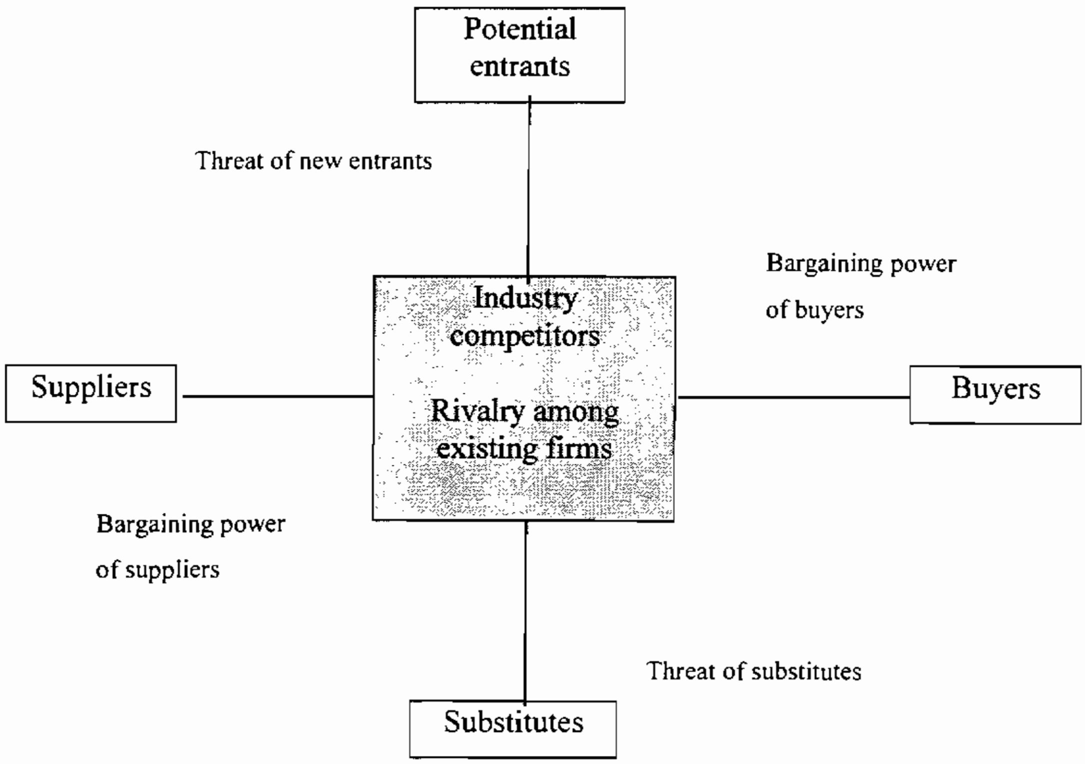
Figure 3.8 Forces at Work in the Banking Environment



Source: Thwaites, D. "Forces at Work: The Market for Personal Financial Services", International Journal of Bank Marketing, Vol. 9 (6) p.32.

These environmental forces are explored in detail with reference to the model of strategic pressures facing banks put foreword by Farrance (1993:3) which is based on Porter's 1980 model. The position of Irish banks relative to the changes and their response to those changes to date is explored.

Figure 3.9 Model of Strategic Pressures



Source: Farrance, C. (1993) "Can Banks Succeed in the Current Marketplace?", International Journal of Bank Marketing, Vol. 11 (2). pp. 3-9.

3.6.1(a) Potential Entrants-

As barriers continue to come down due to de-regulation of the financial services industry and the effects of technology, competition has increased in many markets. Entrants have come from two main sources. Firstly, foreign banks are now in a position to compete directly with Irish banks in the Irish market due to the EU Second Banking Directive. These banks do not have large branch networks and face lower cost bases by offering direct services. Secondly, many retailers have branched into financial services markets. Virgin and Marks and Spencers offer a range of financial services, while in Ireland Arnotts, Superquinn and Statoil offer customers services which enable them to spend without bank intervention. These organisations are attempting to use established consumer relationships to cross sell extra products and services. This further highlights the importance and benefits such relationships in the banking sector. If genuine relationships can be established and maintained then the bank's existing customers may be immune to advances from such competitors (Howcroft and Beckett 1996).

3.6.1 (b)Suppliers

Supply side changes have added to competition within the market for personal financial services. As well as the geographical expansion of Irish banks, the product range has also expanded substantially. Traditionally there have been marked differences between different types of banking operations, retail, merchant and industrial, however these have begun to fade as banks compete against each other over a wide range of products and services. Similarly, deregulation of financial services markets have meant that banking and non-banking institutions now also compete in an open market. Mortgages, for example, can be got from a wide range of institutions, while insurance products are no longer the sole preserve of insurance companies.

Bancassurance or Alfinaz as this has been termed, has replaced the traditional separation of institutions on the basis of the type of financial service provided. This has occurred over a relatively short period of time (Kinsella 1996b). In Ireland, changes commenced with banks and building societies moving into direct competition in the mortgage sector in 1987 and demarcation was further eroded by European legislation (Davy Equity Research 1996). Also The Credit Bill 1996 authorises credit unions to provide an expanded range of services.

The main banks in Ireland are now firmly established in many non traditional bank markets including mortgages, pensions, investments and life assurance. Lifetime, owned by Bank of Ireland and Ark Life a subsidiary of AIB, have been gaining an increasing share of the life assurance and pensions markets. Ark Life has now achieved number two position in the life assurance new business market (AIB Group 1996). Both together have about 15% of the Irish market. This is still much lower than the situation in France and Spain where 60% and 80% respectively of life assurance is sold through banks

(O'Mahony 1996). The Bank of Ireland Group which owns the ICS Building Society now sells 20% of all new residential mortgages in Ireland (Bank of Ireland Group 1996).

3.6.1(c) Buyers.

The proliferation of financial services organisations providing similar products, has led to a situation where consumers have become more sophisticated in their choice of product, and are more willing to shop around. For example, complaints from customers continue to rise as their expectations increase regarding standards of service (McDowell 1995). Economic and demographic change have meant that consumers are more affluent than twenty years ago, while an increasing population of older people, a greater number of single parent and dual earner families, have led to changing consumer requirements.

All these changes combined mean that retail financial markets became characterised as segmented markets, with different sections of the population demanding different forms of financial service (Hughes 1994; Knights 1994).

3.6.1(d) Substitutes

It could be argued that technology has had the greatest impact on banking and financial services markets and is the catalyst for many of the other forces affecting the industry. Kinsella (1995:11) believes that it has

> *"reduced the barriers to, and the cost of entry...In fact what technology has done is to call into question the whole raison d'etre of banks"*

Substitutes in the form of electronic funds transfer (e.g. direct debit), Laser debit cards which remove the need for using cash credit cards, home PC banking, and internet banking, have meant that the days of visiting the bank branch for all banking needs are over. Increasingly, customers will be able to contact their bank through a combination of channels. Personal customers can use ATMs, telephones, PCs and the internet. Bank of Ireland and AIB now offer full service direct banking services over the phone. The main banks in Ireland at present offer the possibility of banking through the internet. The Irish Banks Information Service, Bank of Ireland, AIB and Ulster Bank all have web sites on the internet. In the US it is expected that by the turn of the century up to 30% of bank profitability could be accounted for through internet banking. However, a bank with a large branch network and thus a relatively high cost base would not be able to pass on all the cost savings to customers (O' Kane 1997).

3.7 SWOT Analysis of Irish Banking

Having analysed the environment in which Irish and global banking now operates, it is now useful to look at how they stand in relation to responding to environmental changes and meeting the competitive threat that they currently face. A SWOT analysis (strengths, weaknesses, opportunities, threats) of Irish clearing banks adapted from Thwaites (1991:33) is as follows.

3.7.1 Strengths

The large account base, and wide distribution network of bank branches available to the main clearing banks, puts them in a unique position to develop long term relationships with customers. Reflecting the changes technology has brought, branch numbers have been decreasing in many countries to trim costs in order to respond to greater competition by tightening margins. To date however, there has been no major rationalisation in branch numbers in Ireland despite predictions that the branch network will become largely obsolete.

Table 3.7 Branches/sub-offices of the Clearing Bank Groups in the Republic of Ireland.

	1991	**1992**	**1993**	**1994**	**1995**
Branches	705	714	705	726	729
Sub-offices	200	213	216	194	188
Total	**905**	**927**	**921**	**920**	**917**

Source: The Irish Banker's Federation (1996), Annual Review 1995-1996, p.26.

Ireland has less than half the branches-to-customer density which the UK has (Hardiman 1996). Each bank branch in Ireland serves an average of 3,564 of the population, which is close to the European banking average of 3,894 (Irish Bankers Federation 1996:27).

Notwithstanding this, in order to capitalise on the strengths of the branch network, their function will change considerably to become one stop shops for financial services in common with the trends elsewhere. These trends which were outlined in Chapter Two, involve a move towards a more customer friendly orientation at branch level, while freeing up more staff from administrative functions to promote and sell more products. This can best be done face-to-face, and is a major strength of the branch network.

Within the existing retail banks in Ireland there is clearly a belief that the potential exists to successfully sell multiple complex products to individual consumers through the branch network.

> *"Irish customers clearly want to deal with somebody they know and knows them. This is particularly true in the case of major financial decisions such as home mortgages and investing for retirement.... customers are much more comfortable transacting business with their local banker than with a remote location."* (Hoare 1992:16)

Finally, the relatively healthy financial position of Irish banks means that adequate capital exists for expansion, hence AIB's acquisition of Dauphin Corporation and Bank of Ireland's acquisition of Bristol and West. This is important given the need to achieve sufficient scale to compete effectively with European banks. Resources also exist to continue to invest in alternative and more efficient distribution channels (Canniffe 1997a & 1997b).

3.7.2 Weaknesses

In order for banks to exploit the changing role of branches as financial supermarkets, they will need to overcome the traditional inflexible bank cultures and their underdeveloped selling skills. The high cost structures associated with branch banking may be a weakness if those costs are not controlled adequately. It is estimated that the average cost per banking transaction through the branch network is 60p. With telephone banking this falls to 35p. However, the average internet bank transaction costs just 8p (O'Kane 1997). In recent years Irish banks have made significant cost reductions, as shown in 3.3.1. Nevertheless, the long term consequences of some of these measures (for example employing temporary contract staff), may be negative, particularly for customer relationships. It is important to strike a balance between overcoming a high cost base and continuing to meet customer expectations (Kinsella 1995).

3.7.3 Opportunities

Just as other financial services organisations compete in traditional bank markets, banks are gaining increasing shares of pension, insurance, and mortgage markets. Their share now stands at 25% and is growing steadily (Seekamp 1998). The overall market for personal financial services continues to grow given changing demographics. The financial services organisations in Ireland have operated in a favourable economic environment over the last number of years. Growth in the economy has been double the EU average while inflation has been relatively low for a considerable period of time. Employment is continuing to increase, and the housing market is buoyant. In tandem with this, The Economic and Social Research Institute (1997) predicts that Gross National Product will average 5.5 per cent growth per annum over the rest of the decade and 5 per cent in the early years of the next century. The outlook for a range of financial services, particularly lending, is therefore very positive.

3.7.4 Threats

The main threats facing banking come from increased competition from domestic building societies and retailers, and other European financial institutions. Institutions which offer direct services will have a distinct cost advantage. Direct banking has cost income ratios of less than 40 per cent compared with traditional ratios of between 60 and 70 per cent (Canniffe 1996b).

A Deloitte and Touche report (1995) predicts that changing technology will mean an end to the banks' monopoly as centres for the core service of money transmission. New banking companies with a background in technology will begin distributing banking products through newer channels including smart phones, point of sale computers, smartcard peripherals, internet linked PCs and cable TVs. Banks therefore, need to continue to invest in and develop alternative distribution channels to meet these threats.

3.7.5 European Monetary Union (EMU)

Full EMU which is due to begin in 1999 will mean a single European currency across all the member states, although all will not join at once. There are currently fifteen different currencies with almost one hundred different bank notes. A single European currency will result in one currency across Europe reducing the number of bank notes to eight or nine (Bardon 1991).

However, this may involve both opportunities and threats for Irish banking. Cost savings will be made due to standardised procedures, although it will take a minimum of three to four years for banks in the European Union to implement the new Single European Currency. This is mainly due to the time and financial resource requirement by banks to adapt their information technology systems. Between 1999 and 2002 banks will need to handle both currencies and will thus need to develop dual accounting systems (Peacock 1997). Preparation for and implementation of the single currency may involve substantial costs in the short term. In addition, many banks within Europe generate a substantial amount of their revenues from foreign exchange trading between European currencies and from fees associated with cross-border payments. These are set to disappear.

However, major opportunities will also present themselves especially for services which do not require a local operating base. Credit cards, mortgage lending, electronic commerce and insurance services can all be sold today across national boundaries. However, post-EMU all these products will be marketed without incurring currency risk (Peacock 1997). Nevertheless, this also poses a threat to Irish banks from outside institutions.

Similarly, as European Monetary Union approaches, and European banks increase their influence, the governor of the Central Bank of Ireland has warned that Irish financial institutions may become vulnerable to takeover (Suiter 1997). In order to avoid this scenario Peacock (1997:4) states that

> *"It is simply not sufficient to plan for EMU on the basis of short-term transition alone. In parallel, financial institutions must also focus on the wider impact of their current business activities and develop new strategic products and services if they are to survive the challenge".*

3.8 Summary

The importance of retail (consumer) banking to the Irish economy is huge. It provides high levels of employment and essential financial services to the vast majority of Irish people. The main Irish banks have seen unprecedented profits over the last number of years.

Nevertheless, the banking industry has faced and will continue to face, substantial changes in the way it has to operate. The overall picture therefore, is fraught with uncertainty. Previously the branch network, customer loyalty, and tight regulation were retail banking's main advantages. This has been eroded, to a large extent, by deregulation of the industry and advances in technology.

As a result competition, particularly from European financial institutions and Irish institutions previously not in direct competition with banks, has been increasing.

In order to meet these challenges banks are attempting to escape from traditional uneconomic cost structures. The branch network at present is an expensive cost, but paradoxically it still has the potential to fulfill an important role. It may be a major advantage for selling more complex financial products, but only if used in conjunction with alternative distribution channels and within a framework of outstanding customer service and relationship development. Advances in technology while bringing threats from direct suppliers of financial services, also offer an opportunity but only if they are used in a manner which fully meet customer needs.

In order to compete effectively with other European financial institutions, Irish banking needs to continue to expand both geographically, and in its product range, to become global rather purely Irish, and fully integrated financial institutions rather than banks.

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Chapter Four

Research Methodology

4.1 Introduction

Having completed a review of the wide range and scope of literature available in the relationship marketing area and its relevance to financial services, and consumer banking in particular, a number of areas can be seen to demand further attention. This chapter examines the methodology used and the primary research needed to meet the objectives outlined.

These objectives attempt to gain a greater understanding of customer/bank relationships involving consumers of relatively complex financial products. This will be achieved by probing the important elements necessary for relationship development in retail banking in Ireland. This will be done with reference to the complex factors which have been identified as being important to relationship development in the field of social psychology and interpersonal relationships.

4.2 Formulation of Research Objectives

Creswell (1994:70) recommends that in order to encompass the entire overall objective of the study, it is useful to compose a *guiding hypothesis*. This is a statement of the question being examined in the study, in its most general form. This can then be followed by sub-questions or sub-objectives, which will enable the author to explore specific important elements of the overall objective. This approach has been followed in the study which enables questions to be developed which give flexibility and freedom to explore issues in depth, while retaining a guiding hypothesis (Strauss and Corbin 1990).

This is particularly appropriate in exploratory qualitative research where there is an absence of a formal research structure, and where the recognised stages of the research process, i.e. from problem formation to analysis, are not easily separated. Insights into the general nature of a problem are sought and a high degree of evolution of objectives is required (Aaker et. al 1995). The process has been described by Sykes (1991:4) as "*a series of iterations with modifications of understanding occurring throughout*"

4.2.1 Research Objectives

Guiding Hypothesis: To explore relationships between consumers and banks in Ireland.

The literature reviewed has shown that relationship development has become an increasingly important element of sustainable competitive advantage and competitive immunity in many industries, including retail banking. However, much of the literature has focused on relationships from the point of view of the firm, without attempting to understand relationships from the consumer's perspective. It has been suggested that this is essential in order to establish the feasibility of a relationship in any given situation. Most of the literature sourced in the relationship marketing area was also not in an Irish retail banking context. It is clear therefore, that further research is needed to gain a greater understanding of relationship formation between consumers and banks.
In order to explore this area in detail, sub-objectives were developed which explore the important elements of the customer-bank relationship and consequently address the overall question.

4.2.1 (a). Elements of the Relationship

❖ Using the factors identified by social psychologists to be important in the formation and maintenance of close, positive, personal relationships, do the current interactions between banks and consumers constitute a *relationship* ? (These factors include, trust, commitment, investment, frequency of contact, communication, social support).

There has been wide consensus that relationships are fundamental to the banking process, although many questions exist in retail banking as to what types of relationship are appropriate in different situations. Indeed, it has been suggested that relationships may not be feasible or desired by consumers. While many financial services organisations have readily adopted relationship marketing strategies and view their dealings with consumers as a relationship, it has been suggested in some of the literature, that in many cases it is doubtful that customers can ever feel close to large companies. The presence or absence of the important factors of interpersonal relationships will help to address the important elements of the bank customer relationship from the customers' perspective.

4.2.1 (b).The Focus of the Relationship

- Do consumers perceive a relationship to exist with their bank?
- Is any relationship which exists or is desired, focused on the bank as an institution, or on individual members of staff?
- Can personal contact or personal relationships lead to a relationship with the bank as an institution?

The importance of customer contact personnel in banking has received widespread attention, particularly in the service literature. Clearly relationships with contact staff in a bank are established more easily than with the bank itself. This type of relationship has more in common with a social relationship. Nevertheless, in large retail banks, dealing with the same person on a regular basis may be difficult. Therefore, the extent and focus of any relationship that develops may be open to question. It has been suggested in the literature reviewed that contact personnel can set the stage for strong firm-customer relationships. This area however, has been under researched particularly from the consumers' viewpoint using their definition of a relationship. These questions attempt to address that shortcoming.

4.2.1 (c). Important Factors in Relationship Development

- To explore the important factors which consumers feel would enhance their relationship with their bank.

The important elements of firm-customer relationships have been hinted at by several authors, however, there is a lack of literature examining this more closely in a consumer-bank environment. Contradictory use of the word relationship in a wide range of areas outlined in the secondary research, have also pointed towards a need to examine the area further from the consumers' perspective.

4.2.1 (d).The Relationship Marketing Continuum

- To explore whether the potential exists to segment retail banking markets based on the type of relationship desired by consumers, i.e. are some consumers more prone to developing some type of relationship than others?
- To explore whether consumers of retail banking products are more likely to enter into a relationship depending on the type of transaction and the complexity of financial service product being offered. i.e. To what extent does a continuum exist from simple services such as deposits and loans at one extreme, to complex services such as pensions at the other?

These research questions explore further, in a retail bank setting, the relationship marketing continuum reviewed in the literature. Previous research has shown that as perceived risk increases (as with complex financial products), the potential for relationships will increase. However, this research seeks a greater understanding of the continuum by using consumers' own language, and thus their definition of a relationship, to assess whether genuine relationship potential increases as complexity increases. Similarly, the secondary research has shown that a distribution may exist, not only from product to product, but also between individuals for each type of transaction (from simple to complex). These questions were asked due to the divergence of opinion and the lack of research exploring the continuum in retail banking.

4.3 Research Design

The early part of this study clearly showed deficiencies in the literature with regard to the types of relationships which are appropriate in different situations. This has led to the formulation of research objectives which attempt to address the lack of detailed research in the area. The research carried out therefore, is of necessity exploratory. Due to the fundamentally human nature of relationships, the study draws on the field of social psychology and the literature of social science qualitative research. Similarly, the consumer focus of the research pointed towards a design which would best capture the essence of consumers' views.

In a social psychology setting Duck (1987) suggested that in order to understand human relationships it is important to look at the language used in describing those relationships. Barnes (1995:11) in a customer-firm setting supports this,

> *"the best way to learn whether a customer feels that the establishment of a relationship is possible, or that a meaningful relationship is in place, is to ask the customer himself or herself"*

The research attempts to do this.

4.3.1 The Qualitative Paradigm

> *"Historically the qualitative approach arose because the standard quantitative methods of data gathering could not adequately describe the thoughts feelings and attitudes which influence consumer behaviour. Qualitative research provides access to the language consumers themselves use which can overcome some of the problems of the quantitative methods in this area."*
> (R&D Sub-Committee on Qualitative Research 1979:110).

Traditionally research methods can be categorised into one of two paradigms; quantitative and qualitative. Qualitative research provides insights and understanding of the problem setting, while quantitative research seeks to quantify the data and seeks to apply some form of statistical analysis. Reichardt and Cook (1979) outlined the key differences. Quantitative methods have their origins in a logical positivistic approach and are seen to be dealing with "facts" and controlled measurement. Reliability is seen as critical and is achieved using "hard", scientific and replicable data. It is seen to be particularly objective by taking an "outsider's" perspective.

The qualitative paradigm in contrast, has its roots in a phenomenological approach and is concerned with understanding human behaviour. It is subjective, takes an insider's perspective to get close to the data, and generally is discovery orientated. Validity is critical and "rich and real" data results. However, many authors see this approach to market research as an oversimplified generalisation (Colwell 1990; Sykes 1991).

Taylor and Bogdan (1984) point out that qualitative and quantitative methodologies are different ways of approaching the empirical world. Due to the fundamentally different approaches taken, there has been a tendency in the past to categorise marketing research as consisting of two independent and mutually exclusive paradigms. Desphande

(1983:106) questions the over simplification of reliance on *"methods of theory verification (quantitative) almost exclusively, even in situations where discovery was most appropriate"*. This he termed method bias.

In recent times it has been generally accepted that the most appropriate technique to use, quantitative or qualitative, or a mixture of both, depends on the research problem being addressed. Malhotra (1993) believes that it is not always desirable or possible to obtain responses from respondents using structured or formal methods. In some cases the information is best obtained through qualitative research. Gordon and Langmaid (1988:3) see qualitative research as being most appropriate to expand knowledge, increase understanding, clarify the real issues, identify a range of behaviour, explain and explore consumer motivations, attitudes and behaviour, identify distinct behavioural groups, and provide input to a future stage of research. In essence they go on to say that it is concerned with understanding rather than measuring.

Qualitative research is also particularly appropriate to conduct a preliminary exploration of an under researched area (Tynan and Drayton 1988). This is the rationale for this study. It attempts to explore in detail consumers' feelings, perspectives, thoughts, intentions, and motivations, which may be difficult, undesirable or unfeasible to obtain by using fully structured or formal quantitative methods (Aaker et. al 1995). It enables open ended exploring of the interrelationships of issues and the flexibility to uncover new issues.

Gabriel (1990:514) states that the qualitative approach attempts to

> *" ... observe and talk with the people whose beliefs and behaviour you wish to understand ... The aim is not to have answers to put through a computer to achieve percentages and statistics but rather to gain an understanding of the meaning of what people are saying"*

Finally, qualitative research methods have been deemed particularly appropriate in relationship marketing, where meanings are unclear and constructed in a social context (Easterby-Smith et. al 1991). Essentially qualitative research is diagnostic, it seeks to discover what may account for certain kinds of behaviour. The information sought in this study is qualitative in its very essence. The flexibility of this method enabled the researcher to probe further when new issues arose. It was felt that this would be hindered by the use of quantitative methods. With this is mind, and after discussing the research problem with academic staff in DIT it was decided to use a qualitative approach. This was implemented by conducting focus groups with consumers of relatively complex financial products sold by retail banks. Consumers' own language was used to gain a greater insight into their attitudes to relationships with banks.

4.3.2 Reliability and Validity of Qualitative Findings

The in-built flexibility and subjective nature of qualitative research has led to questions about its ability to produce valid data and reliable findings. Reliability refers to the ability to get the same answer when using it on different occasions, while validity refers to measuring what you think you are measuring. One of the major criticisms of the qualitative methodology which was seen to affect the reliability and validity of research findings, was its small sample methodology and the perceived subjective, rather than objective nature of the research (Krueger 1988).

Sample sizes in qualitative research are generally smaller than in quantitative studies. This has led to questions about the confidence with which inferences can be made from qualitative data. However, Griggs (1987) believes that it is not necessary to use large samples to make a point or to make it reliable and generalisable providing rigorous sampling is adhered to. Qualitative samples are obtained not on a random basis, but are selected purposively, i.e. on the basis of respondents' knowledge and willingness to cooperate (Wallace 1984). Sykes (1991) notes that they are not haphazard samples, in that systematic procedures are employed which make them directly relevant to the research problem.

Sykes (1991:7) quotes Quinn Patton as coining the phrase "reasonable extrapolation" to explain the appropriate inferences to draw from qualitative findings. Extrapolations are modest speculations on the likely applicability of findings to other situations under similar, but not identical conditions. *"Extrapolations are logical thoughtful and problem oriented rather than purely empirical, statistical and probabilistic"* (Quinn Patton 1986). Gabriel (1990) also warned against greater belief in the validity of quantitative rather than qualitative findings, because the former is expressed numerically. If the researcher is fully aware of potential bias due to immersion in the research process and conveys this in the research design, then it can be dealt with.

In essence, it is the responsibility of the researcher to demonstrate how conclusions are arrived at in such a way that if necessary they can be duplicated and challenged (Griggs 1987). Only if the analysis of the problem to be researched is made correctly will the results be potentially useful. e.g. focus groups (which were used in this study) are valid if they are used carefully for a problem that is suitable for focus group inquiry (Krueger 1988). Having decided that a qualitative exploratory approach was the most appropriate approach to take, the reliability and validity of all findings whether arrived at quantitatively, or qualitatively, depends ultimately, not only on the choice of method, but whether it is conducted in a well planned and systematic way. Krueger (1988:39) cites Lapiere (1934) which sums up the appropriateness of qualitative findings for many situations.

> *"Quantitative measurements are quantitatively accurate; qualitative evaluations are always subject to the errors of human judgment. Yet it would be far more worth while to make a shrewd guess regarding that which is essential, than to accurately measure that which is likely to prove quite irrelevant".*

4.4 Research Instrument

Having established that a qualitative approach was the most appropriate one to take, it was necessary to determine the research tool. The primary focus of the study in question was to seek a better understanding of consumers' relationships with retail banks. It has been shown in section 4.3 that in order to understand consumers' perceptions and feelings about their relationships it is important to listen to them directly. Focus groups, in which insights into consumers' perceptions can be achieved in the most efficient manner, proved to be the most appropriate research instrument to use to address the research objectives.

Aaker et. al (1995:177) define a focus group discussion as

> *"the process of obtaining possible ideas or solutions to a marketing problem from a group of respondents by discussing it".*

Three major "types" of focus groups have been identified in the field of marketing research.

Aaker et. al (1995:178)

- *Exploratory focus groups:* - Used at the exploratory phase of the market to aid in defining and understanding an under researched area.
- *Clinical focus groups:* - These are based on the premise that a persons true motivations are subconscious in nature. An attempt is made to probe into the consumers' subconscious and generally requires a trained psychologist.
- *Experiencing focus groups:* - This allows the researcher to experience at first hand the consumers' perspective by examining the emotional experience of using the product.

It was decided to use exploratory focus groups. This approach was most appropriate because an investigation of consumers' perspectives regarding banking relationships was lacking in most previous studies. The purpose of exploratory focus groups closely mirrored the purpose of the study i.e. to explore and understand an under researched area.

4.4.1 Rationale for the Use of Focus Groups

Focus groups present an environment where participants influence, and are influenced by other people. This may produce a greater stimulus for reaction than would be present in a one-on-one interview. This in effect, produces a wider range of information (Weirs 1988; Greenbaum 1993). Focus groups are also iterative in nature which meant that it is possible to use the ideas gleaned from one discussion as a method of identifying important areas for future discussions (Krueger 1988). This enabled the researcher to modify questions depending on the amount of useful material they were generating.

Kinnear and Taylor (1991) assert that individuals are not required to answer questions, instead questions are addressed to the group as a whole. Therefore, any response that they do make should be spontaneous and present a more accurate reflection of their views. Finally, in contrast to other qualitative techniques such as brainstorming, delphic techniques or in-debth interviews, focus groups are not concerned with experts finding solutions or arriving at a consensus. Clearly the focus group members were not experts in the field, rather consumers with different attitudes, perceptions and feelings. When this is the case focus groups, rather than in-depth interviews have been deemed particularly appropriate (Malhotra 1993). It is recognised that focus groups, like all information gathering techniques, have weaknesses. These include the potential of individuals to influence the discussion of others and the potential loss of information and depth to the discussion compared to a one-on-one interview. Nevertheless, having considered the exploratory nature of the research and the information being sought, the exploratory focus group methodology was applied.

4.4.2 Validity of Stand Alone Focus Group Findings

"Focus groups are valid if they are used carefully for a problem that is suitable for focus group inquiry" (Krueger 1988:41). The validity of focus group findings is clearly linked to the validity of qualitative findings in general which was dealt with in 4.3.2.

The focus groups carried out were intended to be self-contained and the results obtained were intended to stand on their own. This was done primarily due to the nature of the study. Manning et. al (1996) observed that the discussions of focus groups in market research, too often give the impression that they must always be used in conjunction with quantitative methods. Morgan and Krueger (1993) agree that there is no priori reason to assume that focus groups require supplementing or validating with quantitative techniques. They believe that in marketing research in particular, focus groups have been seen to be a preliminary research technique which prepares the way for *"real research"*. They believe that there is nothing wrong with using them at the early stages of a large project as long as it is recognised, that for certain research problems, they are the most appropriate approach and can stand alone. Calder (1977:361) in relation to marketing research, goes as far as to say that if the limitations of sample size and lack of generalisability to the entire population are clearly understood, and explicitly mentioned, and the research problem merits this approach, then *"Focus group research basically must stand alone"*.

as mortgages, pensions, life assurance, financial investments and advice. These more complex products have been identified in the literature as having a greater potential for relationship development.

- *Sampling Unit- "The element or elements available for selection at some stage of the sampling process"* (Kinnear and Taylor 1991:394). The sampling unit consists of the above married consumers of social class ABC1 between the ages of 25 and 40. The age range and socio-economic groups chosen, best suited the purpose of the study. This was because firstly, ABC1 consumers had higher paid employment which meant that they had a greater need for a wider range of mortgage, pension, insurance and other financial services. Secondly, married consumers in the age bracket chosen, also have high usage rates for these products as they begin to have families and plan for the future (Thwaites and Vere 1995:134). Finally, particularly with relation to focus group selection, it is normal practice to use demographic controls or product usage characteristics. Limiting age or class ranges are important for smooth interaction within each group (Prince 1978; R&D Sub-Committee 1979). This is consistent with Axelrod (1975:10) who asserts that it is necessary to concentrate on segments *"which will provide the most meaningful information"*.

- *Extent* - living in Waterford City. The restriction of the population to Waterford based consumers was done due to the constraints of time and cost. This restriction could be seen as a research limitation, although it was felt that it was justifiable given that it was a relatively large urban area with a multiple presence of all the major retail banks in the state. This includes six branches and sub-offices of AIB, 5 Bank of Ireland, 4 TSB and one each of Ulster Bank and National Irish Bank.

- *Time* - The time of this study. February 1996-December 1997.

4.5.1 Purposive Sampling

Purposive samples (or judgment samples) involve selecting individuals from the population on the basis of predetermined criteria which are deemed important for the research purpose (Chisnall 1997). This was the most appropriate sampling method to use for this study. Individuals were chosen on the basis of their use of complex financial products sold by retail banks and their willingness to participate in focus groups. Another element of purposive sampling which increases the flexibility of the qualitative research process, has been termed snowball sampling. This involves adding to the number of respondents as the research progresses, depending on the number of issues which arise. Individuals who participated in the study were used to identify other individuals who met the appropriate characteristics. This may be preferable to having a predetermined number of respondents, and reflects the iterative nature of qualitative research.

Mendes de Almeida (1988:115) believes that due to the nature of focus groups and qualitative research *"the problem of projecting a result from a sample to a population does not exist"*. All that samples based on judgment for group discussions attempt to do is to gather opinions and perceptions. Judgements are made but there is no attempt to reach conclusions that require a projection of majority opinions or percentages.

4.6 Number and Composition of Groups

4.6.1 Number of Groups

Having decided that the focus groups should include individuals of ABC1 social class aged between 25-40, it was necessary to decide on the size of the sample to be used and the composition of each group. Templeton (1994) suggests that reliability is increased by replication of group interviews.

There can be no definitive answer as to the number of qualitative interviews or discussions to conduct, but it is recognised that the time to stop will become apparent when no new ideas are emerging (Chisnall 1997; Krueger 1988 and Aaker et. al 1995). The sample chosen relates directly to this. The number of groups chosen should directly relate to the nature of the study and more groups are generally required as heterogeneity of participants increases. The methodology allowed the researcher a certain amount of flexibility and it was decided to follow an approach whereby interviews were conducted until little new information was provided. Krueger (1988) recommends planning four groups with similar audiences, but evaluating after the third group. It is generally recommended that enough groups be included to balance the unique nature of individual sessions.

If groups are to be a "stand alone" research technique then Hague (1993) and Morgan (1988) both suggest four as being an appropriate number to hold, depending on individual circumstances. It became apparent to the researcher after four groups that the main issues and themes had clearly emerged. It was not difficult to anticipate what was going to be said at this stage. With reference to this, and after consulting academic staff, it was decided that it was appropriate to conclude the groups at this point.

4.6.2 Composition of Groups

Due to the relatively small sample sizes in qualitative research, some have recommended that samples arrived at concentrate on relatively small homogenous segments, although the issue is not clear cut (Morgan 1988). No absolute heterogeneity or homogeneity exists in groups. Totally heterogeneous groups would have nothing to talk about, while homogeneous ones would have no need to talk because of universal agreement (Templeton 1994).

Similarly, even if the topic being studied is not particularly gender sensitive, authors have recommended that groups be of single sex (Mendes de Almeida 1980; Greenbaum 1993). This is because men and women behave differently in group situations (Stewart and Shamdasani 1990). Therefore, it was decided to conduct single sex groups. The effects of acquaintanceship of group members is an issue which has received conflicting attention. Mendes de Almeida (1980:6) suggests that groups may be "*Vulnerable to any group cultures that existed prior to the discussion*". Fern (1982) found no conclusive evidence for this. Morgan and Krueger (1993) believe that excluding acquaintances has become an overly rigid restriction on focus groups. Nevertheless, in order to avoid any potential bias it was decided not to include acquainted individuals in the same group. Also, due to the fact that most writers expressed a preference for "virgin participants", respondents were chosen who had not been involved in group discussions previously. The reason for this was summed up by Axelrod (1975:10)

> *"...the only individual who can make a contribution to my qualitative work, is a fresh, spontaneous, involved, honest respondent who has not pre-thought her answers".*

It was also important to avoid interactions and conflicts among group members on issues not relevant to the study objectives. This is best done by ensuring common characteristics, not diversity (Malhotra 1993). Defining the population from which the sample was drawn in very broad terms e.g. by including individuals from different life stages and situations, would have the effect of multiplying the number of groups required to an unmanageable number. This is because it takes a minimum number of groups within each category to observe a range of responses to any given topic (Morgan 1988). With the above issues in mind it was decided to conduct relatively homogenous groups. All groups were comprised of individuals who had not participated in previous group discussions and were to the researcher's knowledge, not acquainted with each other.

As has been outlined previously, all the participants were married. The four groups were then separated based on gender and whether the participants had children or not. This separation of individuals was done **not** because it has been shown that these people use complex financial services more than others, but in order to keep the groups as homogenous as possible. The important defining characteristics which relate to the research focus have been outlined in 4.5, i.e participants were chosen on the basis of marital status, social class and age group.

Finally, it is important to recognise that no comparison can be made between the individual groups. For example it is not valid to compare the responses of the group of married men with no children to the responses of those with children. It would require at least four groups in each category to do this (Morgan 1988). Therefore this separation based on gender and number of children was done in order to get the widest possible range of opinions within the population, **not** for comparison between each group.

The composition of the four focus groups carried out is shown in Table 4.1.

Table 4.1 Characteristics of Focus Group Participants

Group 1	Group 2
Married women with no children	Married men with no children
Group 3	**Group 4**
Married women with children	Married men with children

4.6.3 Number of Individuals

The number of individuals to include per group is usually mentioned at somewhere between four and twelve, with most authors recommending between six and ten. Smaller groups have the effect of limiting the range of experiences available to the researcher, and consequently may have the effect of generating less ideas (Fern 1982). Very large groups may limit each person's opportunity to contribute and may lead to less depth and superficial discussion. It is generally agreed however, that if a productive dynamic discussion occurs, then the number of people taking part is not important (Mendes de Almeida 1980).

Nevertheless, it has been suggested that the chances of a productive discussion increase if the size of groups is adapted to the nature of the topic and complexity of the study. More difficult or sensitive topics are suited to less members. Smaller groups will generally enable a greater variety of points to be covered (Aaker et. al 1995).

It was decided therefore, that the most appropriate number for each group was eight. This was due to a number of reasons. Firstly, the relatively sensitive nature of the topic i.e. consumers' relationships with their bank. Secondly, the deep insight and number of areas which needed to be covered in each group was large. Thirdly, the time and resource difficulties in recruiting a large number of individuals to be at the same place at the same time, made larger groups impractical.

4.7 Recruitment and Screening of Participants

Hague (1993:117) suggested that the aim of group recruitment is *"to have the right number of qualified respondents attend at the right time"*

The narrowly defined population meant that samples needed to be selected in a systematic manner to identify appropriate individuals who were willing to participate. Even though the nature of judgment and evolutionary (snowball) sampling is flexible in that it allows for extra recruitment as the major issues unfold, it was necessary to select an initial sample. It was recognised at an early stage that due to the specific categories of respondents needed, a great deal of effort was required to locate them. Obviously, many more potential respondents needed to be approached than actually attended the groups.

In order to effectively meet the sampling criteria outlined, it was necessary to implement a screening questionnaire. This has been recommended by a number of authors (Greenbaum 1993; Hague 1993). It was necessary in this case because multiple groups needed to be carried out (four in total), with different groups composed in different ways. The screening questionnaire was important for matching individuals with different groups.

A systematic recruitment procedure recommend by Krueger (1988:99) was followed. Potential respondents were identified by recommendations from family, friends acquaintances or workmates. A telephone call was then made or a personal meeting was arranged, in which the researcher, by following the screening questionnaire, attempted to determine whether the person was suitable or not. This was done at least ten days before the discussion. The questionnaire was of necessity very brief in order not to give respondents too much information regarding the topic to be discussed. This may lead to unrealistic expectations and bias the discussion. Tynan and Drayton (1988) recommend masking the precise subject matter to be discussed and instead asking questions which obtain only demographic and usership data to categorise respondents. Nevertheless, other authors have suggested that some information about the topic is permissible and may actually stimulate more lively discussion (Krueger 1988). It was important therefore, not to hide entirely the subject matter to be discussed, particularly because it would make it easier to find respondents it they were interested in the topic. This type of screening is important not only to locate participants but to ensure *"purity"* especially when recruiting narrowly defined groups (Malhotra 1993:162).

The questions were structured so that unqualified respondents were eliminated at an early stage and the call or meeting was ended. When a respondent reached the end of the questionnaire without being eliminated, the information obtained was used to categorise them into the most suitable group. When using the screening questionnaire, it was decided to offer an immediate invitation to participate to those passing through the screening questions. If a positive response was received, convenient times were discussed to suit participants. It was necessary at this stage to over recruit due to the provisional nature of the responses. At a later time, participants were slotted into appropriate groups. This was done with reference to the categories they fitted into i.e. male/female or children\no children, and the most convenient times to attend.

One week before the meeting a personalised invitation was sent to each respondent providing details about the location and topic to be discussed. This was followed up by phone to answer any questions. Finally, each person was phoned the day before or on the day of the focus group. This was to remind them and to inquire about their intention to attend. It was decided that in order to ensure that all participants turned up for the meetings, it was better to try other potential respondents than to have doubtful promises. If someone was unsure about their availability they were excluded. If seven members turned up it was decided to proceed. This was done given the fact that as mentioned, participants are not considered individuals in the sample, it is the number of groups which make up the sample size. It was felt that the interaction among participants would not be significantly altered whether seven or eight participated in each group.

At all stages of the recruitment process an attempt was made to put potential participants at ease and to allay fears in order to help ensure greater recruitment success. It was decided to offer an incentive of £15 to each participant who attended the groups. It was felt that this amount was appropriate, given the fact that some participants had to travel to the location. It also reflected the difficulty of getting people to give up an hour of their time to attend the meetings, and the difficulty of getting eight people to attend at the same time. This approach is deemed appropriate by Templeton (1994).

It proved extremely difficult to recruit qualified respondents due to the strict screening specifications. In order to recruit 32 respondents over 100 people were screened. This took many phonecalls and personal meetings. Similarly, despite the researchers' best efforts there were many last minute hitches, such as late cancellations. Nevertheless, qualified replacements were found and all groups were carried out satisfactorily.
All the focus groups were carried out in Waterford in the home of the researcher on different Monday evenings at 8'o clock during the months of May, June and July 1997. Monday was chosen because it was felt that people would be more likely to have free time on that night. There was a gap of approximately three weeks between each group because of the effort required to organise each one and the time required to transcribe them. All groups lasted approximately one hour.

The focus group screening questionnaire used to identify appropriate participants is included as Appendix A. It includes questions to determine respondents usage of the financial products required for the study and to categorise suitable respondents into an appropriate group i.e. male/female, children/no children.

4.8 Conducting Focus Groups

4.8.1 Role of the Moderator

The role of the moderator has received widespread attention and is clearly essential to the smooth running of the group and the usefulness of the information generated. In general, the moderator's role has been to *"focus the discussion on the relevant subject areas in a non directive manner"* (Cox et. al 1976:77).

A wide ranging list of talents and aptitudes have been put foreword as being necessary for a good moderator including sincerity, flexibility, a keen memory and an ability to establish a rapport with participants (Malhotra 1993). Similarly, the ability to listen and not get directly involved while promoting free discussion, have also been identified as being key aptitudes (Krueger 1993 ; Tynan and Drayton 1988). Evidently therefore, the moderator can influence the quality of the focus group process. There are contrasting views as to the level of expertise needed to perform the function.

Nevertheless, employing a trained moderator was not possible in this instance. Morgan and Krueger (1993) believe that in many cases it is particularly appropriate to use a moderator from the research team, particularly when there is a need for detailed familiarity with the research goals. The researcher was keenly aware of the skills and procedures required to conduct successful group discussions and it was decided to conduct all meetings personally, for a number of reasons.

- Firstly, in order to ensure consistency between each group.
- Secondly, to ensure that the moderator was completely familiar with all aspects of the topic. This facilitated being able to adjust to the pace and direction of the discussion and change the order of questions if the need arose.
- Thirdly, resource limitations made the use of a trained moderator impractical.

It was then necessary to decide the most appropriate approach to moderating the discussions. The course of action chosen reflected the information being sought. Morgan (1988) recommends that low levels of moderator involvement are appropriate for exploratory research purposes. Because the goal was to learn something new from participants, it was deemed important that they were allowed to speak as much as possible on areas which were important to them, rather than completely following the researcher's imposed agenda. This guiding principle was followed as much as possible in order to allay potential bias and make the moderator's impartiality clear.

4.8.2 Moderator's Outline

As has been shown, one of the main perceived benefits of qualitative research has been its iterative and flexible nature. There are numerous arguments for and against the amount of preplanning in the interview process. It is generally recognised nevertheless, that the focus group approach requires careful and systematic preparation. A major part of this is ensuring a questioning route which stimulates discussion directed towards meeting the research objectives.

For this purpose it was decided to follow a semi-structured interview guide or theme sheet. This served as a practical structure for organising a topic by topic discussion to answer the objectives outlined. This was done with reference to the literature reviewed and informal preliminary discussions with consumers and academic staff.

The major guiding principles used were as follows;

- It was deemed important to use only a relatively small number of broad, preplanned questions. Important aspects which needed to be explored were introduced as probes rather than questions, if they did not come up spontaneously (Knodel 1993:37).
- Every effort was made to avoid following rigidly, a predetermined order of topics. This was essential to avoid the participants viewing the moderator as an interviewer, which may diminish group interaction.
- The moderators guide was continually adjusted over the course of the four groups to take account of factors which may not have seemed important, but which came up in previous discussions and could be explored further.
- An attempt was made to move from the general to the specific within each group. Likewise, due to the time constraints it was sometimes not possible to cover all possible avenues of discussion in depth in each group. Instead it was found that groups as a whole were used to cover the entire range of issues fully.

The moderator's outline was comprised of several sections which dealt with the whole process of conducting the group, which included welcoming participants, laying down guidelines for the discussion, as well as the questioning route. An assistant moderator was used in order to enable the moderator to fully concentrate on the discussion without any extra distractions or pressures (Morgan 1993; Greenbaum 1993). The assistant used at each discussion handled the logistics including, welcoming participants, arranging seating and operating the tape recorder. Additional notes were made by the moderator during the discussion. Morgan (1988:74) believes that this *"increases both the total accumulation of information and the validity of analysis"*.

Confidentiality was assured to all members. This was communicated to participants during the screening process and in the discussion guidelines. This was important to ensure an open discussion. Also, an attempt was made to make the participants feel at ease by providing a convenient and comfortable environment.

The groups were recorded on audio cassette so that they could be transcribed later to aid analysis. To enhance reliability and validity the groups were transcribed by the researcher/ moderator as soon as possible after the groups were completed. This ensured that the character of respondents comments were more easily captured. This in turn ensured that the transcript served as an accurate basis for further analysis. The importance of transcription for analysis of focus groups is dealt with in Section 4.9.1.

4.8.3 Pretesting

Pretesting is used to refine the research instrument to identify errors which may have been overlooked or which were only apparent to the population being studied (Aaker et. al. 1995). It usually refers to questionnaire design. Focus group interviews cannot be pretested in a similar manner to questionnaires. This is because they must take account of not only the questions, but the composition of the audience, interaction among participants and moderator procedures (Krueger 1988; Greenbaum 1993).

Consequently a three stage pretesting procedure recommended by (Krueger 1993) was followed.

- Firstly, academic staff with a knowledge of focus group procedures and the topic to be discussed reviewed the questioning route, with particular emphasis on the logical flow of questions and the potential of probes to obtain the information required.
- Secondly, the first focus group was also a pretest of the questions. Any problems which arose were dealt with by changing questions and emphasis in future discussions.
- Finally, comments and suggestions for future groups were solicited from participants at the end of the first discussion.

These pretest procedures were consistent with the iterative nature of the research process. Modifications were continually made at each stage of the process, depending on the emphasis placed on different elements within each discussion.

An example of one of the discussion guidelines which were communicated to participants before starting a group, is as follows.

(c) Speak one at a time.

⟨ Stress that, because the discussion is being taped, it is important for one person to speak at a time. Mention that if several people have something to say someone may be asked to hold a minute, but that their opinion will be sought. Don't forget what you were going to say, but say it when you get a chance.

The complete moderator's outline in its final form (group four) is shown as Appendix B.

4.9 Analysis of Qualitative Data

Griggs (1987:20) says that there are at least three overlapping sorts of data analysis.

(a) data reduction - i.e. a method of organising, processing and structuring data, to make them more meaningful. This is done without any loss of information and in essence, is a method of coding. It involves re-listening to the recorded group sessions, reading transcripts, and classifying words and ideas into categories which were derived from the research objectives. This process was described by the R&D Sub-Committee on Qualitative Research (1979) as

> *" systematically relating and classifying the information according to problems, objectives and respondent source (identifying and listing factors, dimensions, language, etc.)"*

(b) data display- usually in the form of narrative text in qualitative research, rather than tables and indices as in quantitative studies. Tynan and Drayton (1988:8) recommend using quotations to highlight important points. Miles and Huberman (1994:429) describe data display as *"organised, compressed assembly of information that permits conclusion drawing and or action taking".*

(c) drawing and verifying conclusions. Robson (1993:30) believes that this is a continuous process and involves taking account of all that the researcher has experienced since beginning the project.

> *"...the seeking of patterns, relationships, ideas, by relating new-found with existing data, seeking to construct, explode hypotheses."*
> (R&D Sub-Committee on Qualitative Research 1979)

Mintzberg (1979:584) described this final and most difficult stage of the qualitative research process, as the *"creative leap"*, in which the researcher is required to generalise beyond the data. *"The data do not generate the theory only the researchers can do that"*.

The research outlined required the analysis of qualitative data. Gordon and Langmaid (1988) conclude that one of the major misunderstandings about qualitative research is that results are reached by a scientific and objective process. Clearly qualitative research is subjective in nature, but it is not undisciplined. The researcher believes that the analysis carried out was disciplined and meticulous.

4.9.1 Analysis Technique

> *Two basic approaches to analysing focus group data are a strictly qualitative or ethnographic summary, and a systematic coding, via content analysis. The principal difference is that the ethnographic approach relies more on direct quotation of the group discussions, while the content analysis typically produces numerical descriptions of the data".*
> *(Morgan 1988:64)*

Clearly the choice as to which approach to take (as in the choice between the quantitative versus qualitative paradigm) depends on the particular characteristics of the individual study. Indeed, they are not mutually exclusive. After taking account of the exploratory nature of the study, and following discussions with academic staff with a knowledge of the area, it was decided that a detailed analysis of the data was required which involved an element of content analysis. However, this was not done quantitatively. It was felt that for the purpose of this study, the *form* of qualitative data was particularly important. Therefore, quotations were extensively used to highlight important points. This reflects the importance of the interaction of participants and their recounting of personal experiences.

> *The reader is a co-analyst, looking at the evidence, experiencing the original setting and weighing the writers interpretation and perspective"* (Miles and Huberman 1994:299).

Initially it was necessary for the researcher to gain an intimate knowledge of the data in it's various forms.

- Firstly, the researcher and assistant moderator had a discussion immediately after each group was completed, in order to compare first impressions and make additional notes when memories were fresh.
- Secondly, many hours were spent listening to the recorded groups and reading the transcripts to get an overall view. As this was being done, notes were made with reference to the major research questions being studied. Analysis of the qualitative data involved listening to the tape recorded focus group sessions and reading transcripts of the proceedings. Gordon and Langmaid (1988) believe that that there are strengths and weaknesses in both methods, but that the preferences of the analyst and resources dedicated to the study, dictate the course of action chosen. Listening to the tapes provided the researcher with an opportunity to revisit the group sessions, especially because the researcher also moderated the discussions. It was felt that this facilitated a more accurate reflection of the meaning of peoples words and language. It also made it easier to place comments in context, which would be more difficult when reading transcripts. Transcripts were then used for more detailed analysis, once the meanings of comments were fully understood. This was supplemented by additional field notes taken during the groups by the assistant moderator.

- Finally, it was necessary to identify key themes and patterns. A classification or coding system for major topics was developed. Coffey and Atkinson (1996:26) refer to this as the process of

  " organising , managing, and retrieving the most meaningful bits of our data. Essentially what we are doing in these instances is condensing the bulk of our data sets into analysable units by creating categories with and from our data".

As was shown, the focus groups were conducted using a moderator guide. During each discussion this outline was followed in a non structured fashion, with topics being discussed in the order which they were brought up by participants. The guide merely assisted the researcher to cover all important areas of interest at some point during the group. However, the guide was then used as a practical structure for organising the topic by topic analysis of the discussions. This was deemed particularly appropriate as it enabled the researcher to more easily code responses under the main headings and facilitated the combining of the results of all the groups conducted.

The transcripts were then analysed in greater detail in order to relate material to the coded topics. Each question or topic in the questioning route was dealt with one at a time and related to the major research questions.

Matrices were prepared for each research question which attempted to display the data under major themes, relating to that question. Each passage of text in the transcripts was coded under major themes and numbered. It was then displayed in the matrices. Numbering each passage enabled the researcher to display an abridged version of the text, while being immediately able to locate where the full comments were made in the transcripts. Important points under the coded topics in the matrices were extensively highlighted by quotations. An example of a matrix used is shown as Appendix C.

In summary, the qualitative analysis attempted to discover, if after an honest collection and interpretation of the data, the objectives of the study have been addressed. The research findings are outlined in Chapter Five.

4.10 References

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Chapter Five

Research Findings

5.1 Introduction

The major research questions and sub-questions which this study seeks to explore, were outlined in Chapter Four. These questions were derived from both empirical evidence and theoretical concepts, developed in the relationship marketing area. The major research questions attempt to explore the consumer-bank relationship from the consumer's perspective, which has been lacking in much of the literature. It seeks to establish whether the interaction between consumers and banks can be described as a relationship, using the major dimensions of interpersonal relationships. It explores whether consumers actually want a relationship, the focus of any relationship, and the important elements which consumers feel are conducive to relationship development. Finally, the study seeks a closer insight into the relationship continuum in retail banking, i.e. whether some consumers are more willing to establish a relationship than others, and whether consumers are more willing to enter into a relationship depending on the complexity of product being offered.

Analysis and findings are presented with reference to the major research objectives which the author is exploring. A total of 32 individuals participated in the four focus group discussions.

5.2 Analysis of Focus Groups

The composition of the groups on which the analysis was based has been shown in Chapter Four. Each group was as homogenous as possible to aid interaction among participants, not to compare results. Therefore, the groups were analysed together as one unit and <u>no attempt was made to compare individual groups</u> with each other. Nevertheless, it was found that each group was very similar in content and opinions, regardless of gender and number of children. The research findings (under each research objective), were as follows.

5.3 Dimensions of the Relationship

The first research question explores the strength or depth of the consumer-bank relationship.

- Using the factors identified by social psychologists to be important in the formation and maintenance of close positive personal relationships, do the current interactions between banks and consumers constitute a relationship ?

The major dimensions of interpersonal relationships are trust, commitment, provision of social support, interdependence, communication, empathy, understanding and liking. An insight into how respondents viewed their relationship with their bank was gained by an analysis of these dimensions.

5.3.1 Trust

The level of trust expressed by consumers in their bank, throughout each group and between individuals, was remarkably similar. A major feature which came across was the lack of any substantial level of trust, which includes predictability, dependability and faith, among virtually all participants in their bank. This lack of trust took several forms and was expressed in different ways. Any trust which was expressed was at a relatively low level, and given reluctantly. However, it quickly became clear that the absence of trust in the bank was based very much on past experiences.

Implicit Trust

Many respondents stated that they were prepared to trust their bank at a relatively basic level. This included a willingness to believe that the bank that they are using was a commercially viable enterprise.

> *"I expect my money to be there when I go back, that's the level of trust".*
>
> *"I think that you would trust your bank that there not going to run off in the middle of the night with your money".*
>
> *"I know that if I lodge money into my account and get a receipt it will be they're in the morning".*

It was generally accepted that banks would cover any liabilities and meet obligations.

Many felt that because the bank was looking after their financial affairs, and was qualified to do so, there was a certain amount of implicit trust, but that it was given grudgingly.

> *"Obviously for the likes of your home finance, your mortgage or indeed any life assurance, there's a certain amount of implicit trust. You've no choice but to trust them".*
>
> *"I've no idea how they manage my money, most of the time. I suppose I have to hope they know what they are doing".*
>
> *"You go in for solid financial advice and you have to trust them to push you in the right direction".*

Trust in Business Sense

Some individuals were prepared to express some levels of trust in a business sense, but this again, was at a relatively low level.

> *"Well I suppose trust in a business sense maybe, but only the same as with your solicitor or doctor, but it only goes so far. I think in this day and age people are just more wary".*

This was expressed by some as trusting them to a point, but was generally qualified. Even this level of trust was rare among most participants.

Substantial Trust

A large majority however, while accepting that their money or investments were safe, were very wary at expressing levels of trust greater than this. This seemed to be very much based on bad experiences in the past. It was very common for people to state that it was important to keep checking on bank statements and investments, because the bank was not trusted to get things right.

This was particularly prevalent in relation to bank charges which were seen as spurious; *'sometimes there appear to be charges which you can't explain'*, was a common theme. Others have had experiences of money disappearing from their account without any explanation; one respondent had her bank statement found at the back of a shopping centre. Experiences such as these were not unusual. As a result of this, levels of trust any greater than having to trust them, were almost non existent. This was expressed regularly by respondents.

> *"I would never trust my bank. You have to make sure that you are not being charged for things that you didn't get. You have to make sure that you get what you are entitled to".*

> *"I was rather naive to trust the bank, but only through experience do you learn and start querying things".*

For many respondents, there was relatively little faith that the bank could be trusted to find and remedy mistakes.

> *"But if they make a mistake they're not going to be the ones that find it. You have to find it yourself".*

> *"I think the banks are gone too big to be able to rectify it".*

These were sentiments expressed by many respondents. Most believed that too many mistakes have been made, too many times, for trust to be established in banks' ability to get things right.

> *"I look closely at everything I get from them. It cost me before, it's not going to happen again".*

However, some did express faith that problems would be sorted satisfactorily if attention was drawn to them. Several respondents said that, even though there was an absence of trust at one level (i.e. that things would be done properly in the first instance), there was a certain level of faith that any problems which did arise, would be sorted out satisfactorily.

> *"I suppose I would trust my new bank in a sense, because if I'm not satisfied I can take my case higher and I'm sure it would get sorted".*

This view was held by only a relatively small number of respondents. Many others stated that they had no real faith that problems would be sorted out, unless they were prepared to be aggressive and pushy. The more forceful they were, the more likely it would be that the problem would be solved.

> *"The only way to get what you want is to let them know in no uncertain terms that you are not happy, and demand that something is done. If you politely ask them, half the time they won't sort it out".*

Another theme which continued to arise throughout all the groups, was in relation to whether the bank could be depended upon to do the best for each customer and help them when difficulties arose. Attitudes of respondents were generally negative. This was again related to past experiences. In one case the entire staff of a branch near a company which had previously provided highly paid, secure employment, were changed because a strike was announced.

> *"... they changed everyone from the assistant manager down, so that when people had problems they had no one to contact, they were then in big trouble. How could you have any trust in them after that?".*

Even though this did not impact directly on any of the participants, anecdotes such as these did effect their perceptions.

> *"How could you trust a bank? As long as your on the right side of them you can trust them, but if your not they will take your house off you".*

Many also expressed the view that charges were deliberately maximised by the institution to squeeze the most out of them and that any financial advice which was given, was not independent and designed to benefit the bank alone.

> *"ask me if I had £1000 in the morning to invest in the bank, I wouldn't. I don't think I could trust the bank".*

'He's not exactly an independent financial advisor' was a commonly expressed thought. Many were prepared to seek independent confirmation of any information given by the bank. For example, someone who was purchasing life assurance through his bank said;

> *"I felt he was trying to do me when he was selling it to me. Now that was just bad faith in banking. I went out and checked it and went back. It was a good product and I took it. I just didn't believe he would give me a good deal ... you have to be sure you're not being conned"*

Similarly, there was little faith that the bank would advise consumers properly on the most efficient use of their resources.

> *"They are not too keen on telling the elderly that they have so much dormant in a deposit account and they are only earning one quarter of a percent, I wouldn't trust them at all to do their best for me".*

In general, there was reluctance among participants to place themselves in a position of financial risk, due to a lack of faith in the bank's intentions. Even where advice may have been sound, it was not generally believed because of a lack of faith.

Comparison With Trust in Other Institutions

Another theme which emerged, was the comparison which respondents made between the levels of trust that they had in their bank, and other financial institutions, particularly Credit Unions. This was despite the fact that few of the respondents even used the services provided by Credit Unions. Due to a more personal element, they were seen to be more dependable when it came to seeing a person through a difficult financial period. Therefore, they were more likely to be trusted.

> *"I would trust the credit union and the people there, but the bank have lost it because they have messed up so many times in the past".*

Similarly, many participants who expressed higher levels of trust and faith, used the services of smaller banks. Therefore, trust, while lacking in banking institutions in general, was more likely in smaller more personal institutions.

Trust in Bank Staff

Implicitly, and explicitly, most individuals expressed low levels of trust in their bank as an institution. However, there was a clear distinction in peoples' minds between the bank and its staff. Respondents were much more willing to express trust for people working in the bank, rather than for the bank as a whole. Some individuals had personal contacts in the bank who dealt with their affairs on an individual basis. These respondents expressed high levels of trust and faith, that a specific individual would look after them to the best of their ability and sort out any problems which did arise. Others who did not have such personal contact, also agreed that trust was more likely in bank staff. This is dealt with in detail in the question which deals with the focus of any relationship which develops between consumers and banks.

5.3.2 Commitment

Another major dimension of close interpersonal relationships is commitment. As with trust, consumers' feelings about the level of commitment present in their interactions with their bank, were relatively homogenous. This section examines respondents' long term commitment to their bank. It became clear that this very much depended on whether respondents differentiated between their bank and others.

Differentiation Between Banks

Some saw their bank as being different from other banks, or providing a service which they felt they could not receive elsewhere. Comments such as *'my bank is much friendlier'* or *'well I'm happy at the moment they provide a good service'*, characterised these respondents' feelings towards their bank. Other benefits included personal attention to their account, late opening, convenience, and free banking. Some of them showed signs that they were willing to sacrifice in some areas, such as a lack of ATMs, in order to receive these extra benefits. This suggested a certain level of commitment to that bank as an institution, due to the extra services which respondents felt that they received.

However, when pressed further, it became clear that this commitment was very qualified. These respondents were prepared to stay with that bank as long as things continued to go smoothly, but felt that they owed the bank little, and felt no long term bond to them. One respondent who was willing to stay with her bank said:

> *"I would say that I am employing these people, they should be giving me a service. I will be pleasant to them and I will smile but if it's not going well I will let them know. Over the last twenty years that I have been working, a lot of money has passed through the bank in my name and I am conscious of that fact. I feel happy at the moment but if it's not going my way that's where it ends".*

Another who has been with her bank for several years, who was asked whether she was a loyal customer said *'I am as loyal as they are to me and if they start causing me grief, I'll move my bank account'*. Similarly, several respondents said that they felt committed to the person who handled their account, rather than the bank.

It seems therefore, that respondents who see their bank as being different to others, are willing to stay for the extra benefits which they receive, but they do not see themselves as bonding, or being committed to that bank as an institution. They frequently expressed the view that that if things did not go their way, they would be prepared to leave rather than attempt to sort them out.

No Differentiation Between Banks.

A large number of respondents nevertheless, expressed levels of commitment which were even lower than this, and did not see their bank as being largely differentiated from others. In fact many said that all banks were the same. Because of this, they believed that there was no genuine alternative. If there was they would use it.

> *"I wouldn't use them if I could get the services that they provide elsewhere. It's convenient for me now but if I didn't have to use it I wouldn't".*

These respondents often stated that if other institutions developed a wider range of services, they would switch, although they recognised that this would not be easy. Despite the fact that the vast majority of people felt very low levels of commitment for their bank, some people seemed to be content to remain with the bank they have always been with. This bond did not seem to be particularly strong, in that these people were willing to look around to other financial institutions for other products, and were willing to complain about many aspects of their services. They did however, feel some level of attachment.

> *"I feel comfortable with them... I couldn't see myself walking into another bank and say, well I'm going to change banks. I wouldn't change for the sake of it".*

Nevertheless, it could not be seen as strong commitment. It was seen by some people as being *'just a habit'* and did not form part of a positive long term orientation.

Locked into Services

Others did actively want to switch, but felt unable to. Many felt trapped and locked into the services provided by the bank, despite being with them for many years *'I've been with the same bank since I left school, I feel I'm tied to them, not committed to them'.*

For many, the cost of moving their mortgage, pension, or account, precluded any change. One person said he would have had to pay over £1000 in legal fees for changing his account. This was common among group members. Others found it impossible to move when they tried, due to the fact that their salary had to be paid through a particular bank. Despite having been with the same bank for years, these respondents were not staying with that bank because of positive feelings for it, but because they had no choice. Many said that they would move to another institution such as a building society or Credit Union, if they had the choice or if all the services were available there.

> *"I'd love to end all my dealings with the bank tomorrow if I could, but there's no way I can, it would cost too much and besides I couldn't get all I wanted somewhere else".*

Willingness to Shop Around

The lack of long term commitment was further highlighted by the large number of respondents who were willing to compare quotes for various financial products, before making a decision. This was just as evident among those who were relatively content with the service that they received and those who were not.

Virtually all respondents expressed low levels of commitment to getting extra products and services from their own bank. Several stated that they had used different services from different banks. The furthest that respondents would go, was to state that maybe they would look at what was available from their own main bank first, but that it would come down to who offered the best deal.

> *" You have to shop around to get what's best for you".*

> *"I would probably go to my bank first if I wanted a mortgage, just to see what they would offer, but there is no way I feel obliged or tied to them. I wouldn't have any particular loyalty to them".*

Reasons for Lack of Commitment

Much of this lack of commitment was related to the perceived lack of loyalty from the bank. Past experiences have led many to be totally uncommitted to any banking institution.

> *"If I could I would take all my money out of banks and put it under the mattress... I'm not committed to any bank really to be honest".*

Even for most of those who have spent all of their adult lives using one bank's services, commitment appeared to very low.

> *"We'll I've been with them for 20 years, and I would hold not one bit of loyalty with one bank. I'm dealing with three other banks at the moment".*

> *"I would say because of my experience of not being treated well as a customer it would be the last place I would look at for extra products... I think in a lot of cases the banks are under the impression of the old days where it doesn't really matter how you were treated, you are always going to be a customer".*

In summary, the levels of commitment expressed and implied, were low. Commitment to their bank from individuals who were with them for many years, and were relatively content with their services, was generally qualified. No expressions of being willing to stay with the bank and sort out any problems were made. Instead, any problems which did arise, were an immediate threat to the 'relationship'. Any levels of commitment which were mentioned, were with individuals in the bank and not directed towards the bank itself. The majority of participants were averse to commitment to any bank.

Willingness to shop around for extra services and to use other financial institutions was universal. One respondent commented that because he had been with the bank for several years, they felt he was committed to them

> *"I think the banks are under the impression that if you're with them, you're committed to them. They don't realise that your experience as a customer is going to tell on whether you go back for another product or not".*

Regardless of whether people were content or not, wanted actively to move or not, or were with their bank for a long or short period of time, commitment was relatively low. This lack of commitment, as with a lack of trust, was due in large part to negative past experiences. Some examples include:

- a perceived lack of interest in them as a customer from the bank *"I was only lodging a small amount of money, they didn't want to know me".*

- an absence of appreciation of their individual needs. *"I wanted a loan at relatively short notice. They wouldn't give it to me even though I had been with them for years".*
- the banks' insincerity *"I got a letter saying that I was a valued customer. At the end of it they offered to sell me insurance. It's totally insincere".*

These negative experiences are a theme running through the findings and are continually highlighted with examples under each section.

5.3.3 Two Way Communication

Communication among both parties has been identified as being one of the major determents of whether a relationship is close or not. The level and quality of communication between banks and consumers who participated in the groups, followed several themes.

Firstly, there was general agreement that communication at a basic level in the consumer-bank interaction was relatively poor. This was put down in large part to standardisation of bank procedures, which meant that failures to look at each case on its merits, and communicate accordingly, were very common.

Lack of Individual Communication

Many respondents complained that banks continually failed to communicate with them to sort things out when there was a problem. Instead, immediate sanctions were sought. This was characterised by respondents regularly being sent generic computer generated letters, without contacting the customer to see why there was a problem.
One respondent's experiences summed up those of many others

> *"I find them very bad at communication. They way they communicate can be a problem. I had my mortgage account in one branch with a direct debit from another account. The money didn't go across. Now they should have known that I'd been paying this no problem for years, and what I got from them was an obnoxious letter saying that I had defaulted. A simple phone call would have solved the problem. This happened six months in a row, and it's not until I threatened legal action that they wrote and told me that I'm not down as having a bad debt".*

Another consumer who was short by 30 pence to pay her mortgage, for the first time in many years, received similar letters. People generally related this lack of communication to a depersonalisation of the process, where no one person was in a position to look into an individual's banking history, and make a judgment on that basis. Another person who had a similar experience said *"Nobody knows you it' just so impersonal, a letter comes from head office. They say oh sorry it won't happen again. But it does".*

Communication Only When the Bank Wants Something

The impression of most respondents was that communication was only forthcoming when there was a problem, or when the bank wanted something. Many told of situations where, they were constantly contacted by their bank after they had expressed an interest in one of their products. This continued even after they had purchased the product elsewhere. It made many people uncomfortable and suspicious of any type of communication.

> *"Most banks have sales pitches when they want to give you a loan or something else or, you only hear from them when you owe them something".*

Helpful Communication Unforthcoming.

Another area where consumers expressed grievances, was in relation to notice of bank charges. Many expressed the view that statements arrived without explaining what each charge was for. Respondents also complained that in order to get information about the status of their account, they had to pay a fee. One person ordered a copy of a statement by phone, which came on 3 sheets of paper. She was charged £6 a page. The information could easily have fitted on one sheet. She went on to say:

> *"If they had told me the cost when I rang I would never have ordered it. They had said no problem we will send it out. They just didn't mention it".*

In effect, many were of the view that good communication with their bank costs. Indeed, some were charged to even talk to the bank manager, which they resented.

The quality of information received from the bank in relation to minimising charges, or getting the best possible deal, was also questioned regularly. Many respondents stated that they had to take their problem to several different individuals within the bank to get satisfaction. One person who wanted to move money from an investment account to a current account said:

> *"I don't think they communicate well at all. I wanted to talk to someone about what the best way to deal with it was. I had to keep filling out forms and I had to go back time after time to talk to several different people. I still felt I wasn't getting proper advice".*

Leading on from this, a prevailing view was that the information given out by the bank was not geared to helping the consumer. Advice on when interest rates are likely to fall, and what type of mortgage to get to take account of this, was seen to be poor.

> *"I think they should be saying to people, it's unlikely that rates will go lower. Now would be a good time to drop into a fixed term. But there's no one doing that".*

Similarly, others complained that better deals were available from the bank if they were prepared to ask or be pushy, but that the bank would not communicate this fact beforehand. They had to be asked.

Poor Communication Related to Lâck of Personal Attention

A large number believed that the major reason for this poor communication, is due to the fact that staff within the bank are under too much pressure to give time to discuss important issues. Similarly, the information given out by counter staff was seen to be unreliable, particularly when untrained staff were explaining complex products.

> *"They don't know what they are talking about with more difficult products and sometimes they don't have enough information so they have to go higher".*
> *"They make mistakes and then they come out with all this terminology that people don't understand".*

It was noticeable however, that when mistakes were made and when problems arose, senior staff were much better at listening to grievances and resolving problems, which may undo some of the previous damage. However, due to the impersonal nature of the communication, most felt that these types of errors would continue, and indeed get worse. This was summed up as follows

> *"...they're not getting the feedback from people now because they are pushing people out more and more at a distance".*

Personal Contact Facilitates Communication

It was very evident that the quality of communication vastly improved where consumers were dealing with staff one-to-one, on a regular basis. A small minority of people regularly received advice relating to how to minimise charges and what products would best meet their needs. Any problems which did arise were dealt with immediately, and because they were known to someone in the bank, they were asked directly why there was a problem, rather than being issued with an impersonal letter. This small number of respondents who were pleased with the level of communication they received, put it down to a greater level of personal attention. They did regularly receive generic bank letters, but many of the ones which would cause problems, were intercepted and dealt with, because they were known within the bank.

Nevertheless, only a relatively small number of people had a regular personal element which facilitated good communication. This it seems, came down to luck, as they were not of a specific social class or of higher net worth than others who felt that communication was poor. It was possible to determine this firstly, because all participants stated their occupation for screening purposes and it was a relatively homogenous sample, and secondly, the researcher, having moderated the groups was in a position to recall who expressed what opinions and relate it to their occupation.

There were a small number of respondents who were relatively happy with the level of communication with their bank, particularly in relation to some of the more complex financial services. *'All it takes is a ten second phone call and you get all you want from them in the post'*. Nevertheless, this was often contrasted with communication at a lower level *"they are a lot more helpful with that (pension), than when you are dealing with your bank account"*.

It seems therefore, that for day to transactions and for the basic interface between consumer and bank, communication from the consumer's viewpoint, is relatively poor. This was put down to the lack of personal attention and the subsequent inability to take each case on its merits. Those who expressed a positive viewpoint believed that good communication was generally related to having a personal contact. Communication was also perceived to be better for some people when they were dealing with more complex products.

5.3.4 Provision of Social Support

Social support reduces uncertainty and gives an individual the feeling that he or she is cared for, esteemed and valued. It in essence gives a feeling of belonging. The major themes in the consumer-bank relationship which emerged regarding social support, are as follows.

Interest from Bank Seen as Insincere

The main issue to emerge in the analysis of this dimension was the universal feeling among consumers, that the bank as an institution was not genuinely interested in its customers and did not need them as individuals.

> *"I think that banks become friendly when they want to become friendly...They don't want to know you unless they want to know you. Unless it's in their interest to sell you a loan or a mortgage your just an insignificant person".*

This comment was representative of the feelings of a large number of respondents. Many expressed the view that they were suspicious when they received a lot of attention from their bank. They felt that there was always some ulterior motive for their banks' interest. In effect, it was not seen as genuine, but rather seen as an attempt to sell extra services at any cost, without taking the interests of the consumer into account. The constant pushing of products led to a sense of unease and suspicion for most. Any interest shown in them by the bank may have been genuine, but was seen by the majority as not being so. This suspicion was widespread and intense.

> *"The only time I found them really friendly was very off-putting. When they were selling insurance they used to ring me at night time. And they kept it up over a period of time".*

> *"Another time when they are extremely friendly is when they have got a sales pitch. They want to sell you a visa card, a pension, a mortgage. That's banks, they tend to con people into getting all these things. You get these letters saying, your a valued customer, longing to offer you this credit card. It's totally insincere".*

Even when an effort is made, due to past experiences, it may not be appreciated by many.

"It's become real America, you know have a nice day. The total insincerity of it"
"they see you as a way of making money" ,"they keep annoying you".

Detachment and Feelings of not Belonging

This suspicion has led to a widespread sense of detachment from their bank for a large majority of consumers in the sample. Feelings of insignificance and inferiority were commonly expressed.

> *"I don't think banks are places to feel comfortable in. You feel a bit inferior. They always seem to be up a little bit higher at the counter than you and it's yes can I help you what do you want. It can be a bit intimidating."*

Feelings of being *'just a number'* were mentioned many times. This it seems, was again related to the size of the institution and the impersonal nature of the banking process. Virtually all felt that the bank as an institution was not interested in *'small'* individuals. Several respondents noticed huge differences between the way that they were treated in a personal, and a business capacity.

> *"I feel that when I'm dealing with them through my job, and I'm bringing in large sums of money, they are very personal and sincere to me. But when I'm bringing in a couple of hundred every month they're not too worried about me".*

It was also noticeable that although all participants had a range of financial services through their bank, there was a wide divergence in the type of treatment that they received, between when they were dealing with some of these services, and conducting everyday transactions . Many felt they were seen as a hindrance by using the branch regularly. This was particularly strongly felt by those who wanted a high degree of personal contact, which were a large number.

> *"I think at this stage you are almost discouraged from meeting bank people person to person. They give you the impression that you should have done that transaction through the machine. In other words, we don't really want you in here".*

Many felt that were not really wanted at the counter unless they were going to be handing over money. *'"hey don't want you in there anymore because you are tying up staff'.*

As with the other dimensions of interpersonal relationships, the level of social support received varied greatly when consumers had regular person to person contact. There was a clear separation in peoples' minds between the motives of the bank, and individual staff members within the bank.

> *"Maybe you have some people in the job who are genuinely interested in you and others who aren't but the bank as an institution is not genuinely interested. They just don't need you".*

Some expressed positive reactions when staff were friendly and seemed genuinely interested in them, this seemed to make the process more pleasant. While the small number of people who had one individual to look after their affairs, were pleased with their arrangement, they again saw these benefits as being given by the individual rather than the bank. Respondents felt that the personal element and the potential for individuals to feel valued as a customer or as a person, were declining with increasing mechanization. *'..the big institutions have a certain power over you. You're small and insignificant'.* Feelings of being cared for and valued were very much absent from an institution seen as distant and remote. *'They are faceless soulless places , but then again what else could they be'.*

For a small number of people within the sample, there was some willingness to express some level of belonging. This was put down to being with the bank for so long that they became very familiar with their processes. They were willing to express a certain feeling of comfort *"It's probably because I'm with them so long that I feel comfortable with them".* Expressions such as this were rare, however.

5.3.5 Interdependence and Reciprocation

A relationship which is mutually reciprocated, tends to be stable. The extent to which both parties depend and rely on each other is an important element in this. This section looks at how consumers perceive their banks' reliance on them compared to their reliance on it, and the extent to which inputs to the relationship are seen to be equivalent to the benefits they receive from their bank.

5.3.5 (a) Interdependence

For most people their interaction with banking institutions is a lifetime one. The majority of respondents had been with their bank for a long period of time. Some had switched banks because of problems in the past, and were with their new bank for a relatively short period of time. Others were dealing with several banks at once. Nevertheless, it was universally agreed that everyone depended on them to a greater or lesser extent. Other institutions were available, however, they were felt not to be providing the integrated range of services required. Most people as a consequence, have to depend on banks for a variety of services. Some typical comments included;

> *"It's important to have somewhere to fall back on for a loan for this and that".*

> *"Basically everyone needs a bank because it's a secure way to hold your money".*

Nevertheless, most respondents believed that this dependence came only from their side. As was shown in the previous section, it was generally agreed that the bank as an institution was not sincere in its interest in consumers. This was related by many respondents to the fact that the bank did not rely on individual customers. The degree of interdependence i.e. (dependence from both sides) is seen to be relatively low due to the large number of customers and the size of the institution.

> *"OK, I suppose I depend on them to look after my finances, give me a mortgage etc., but I mean nothing to them, It's just one sided".*
> *"They just don't need me"*

One individual account, was seen to be meaningless to the bank as a whole.

5.3.5 (b) Reciprocation

Consequently, because respondents felt that they were not needed, the prevailing feeling was that the return they receive from the bank was far less than they put in.

> *"I think that all of us do them a favour by banking with them and they don't seem to appreciate that. They seem to think that they are doing us a favour".*

Confrontational language was continually used when discussing the type of benefits which they got from the relationship. In fact, some felt that the goals of both parties were mutually exclusive, and reciprocation was difficult.

> *"They are cleaning up, they are screwing us big time, they are sharks just looking for your money".*
>
> *"It's up to them to make a profit and it's up to me to ensure that they don't get as much out of me".*

Similarly, the view was often expressed that in order to get satisfaction and value for money, it was necessary to be forceful and aggressive. Many people were able to get bank charges lowered or other services at reduced rates e.g. life assurance, pensions or mortgages, simply by threatening to look elsewhere. This may reflect flexibility on the banks behalf, but most saw it in a negative light.

> *"You will get better rates if you push it, but you have to be prepared to be aggressive, they will walk all over you if you don't stand up for yourself".*

Respondents generally felt, that if the bank could be flexible like this, then they were not doing the best for them in the first place. One person was told when he went back to his bank having been quoted a lower price for insurance elsewhere, that the bank would match any quote. He said

> *"they should have given it to me , I shouldn't have to go looking around. That's what the banks should be doing but they're not."*

Respondents were very pleased to receive discounts and competitive rates, but instead of giving the bank credit for this, it was seen as a type of opportunistic behaviour at the expense of the consumer. It was felt that if these discounts were available, then they were often quoted a higher price than the bank was prepared to offer. In effect, there was a type of bargaining process at work which was based on each party seeking maximum gain, rather than reciprocal rewards.

A small number however, felt that they were getting a relatively good service from their bank, and were pleased with the return that they were getting in some areas. This seemed to consist of two small groups. Firstly, some of those who had changed banks recently and were now receiving benefits which they did not get previously, such as free banking, or a competitive mortgage.

This small number of respondents invariably felt that that they would get a better return from their new bank, even if some problems arose in the initial stages. This was based on taking a pro-active approach. The language used was less confrontational.

> *"If you say to them, well I think I could get a bigger mortgage. They can be more flexible about it. I have found that in my own case I have been refused by front counter people, but after ringing up and taking it higher it was fine".*

A second small group of people had an individual who they could personally approach and rely on to get extra benefits. This person was in a position to give advice which would be of maximum benefit to the customer, and thus ensure that they felt that they were getting an adequate return in their dealings with the bank. *'A personal element. You feel you can go in and you're getting value for money'.* These two groups together nevertheless, represented a relatively small number within the sample. Reciprocation from the bank as an institution, was generally seen to be lacking.

5.3.6 Empathy, Understanding, Affection and Liking.

The final dimensions of close interpersonal relationships, which are linked together, attempt to show how much the consumer believes that each party to the relationship appreciates the role of the other, and understands and sympathises with their goals and aspirations.

5.3.6 (a) Understanding and Empathy

Notwithstanding many of the negative elements that consumers see in their dealings with their bank, there is some evidence to suggest that the majority are willing to express some understanding of the important role that banking institutions play in helping them to manage their financial affairs in a relatively safe and efficient manner. Comments included:

> *"They are very necessary because people can't survive without money. If you need a loan you're better off going to a bank which is controlled and they have a fixed rate".*

"They provide a necessary function in a controlled environment".

"A place to keep your money safe".

A large number were willing to express an overall level of confidence. They were seen as a convenience, and as providing a necessary service. An appreciation of the bank as a profit making organisation was also widespread. Respondents were willing to accept that banking institutions had a right to make profits.

> *"Banks are profit making organisations. Now if we are willing to work with the bank, we should be willing to accept that they are going to make these profits. If we are not willing we should find alternative areas like credit unions and building societies".*

Some people were unconcerned about the level of profits that were made, as long as they were satisfied that their needs were being met. However, while recognising that banking institutions have an important role to play and have a right to make profits, many felt that these profits were excessive and made at the expense of consumers.

> *"I suppose when I think of banks I think of profits. Big organisations. Maybe not a monopoly, but in certain ways a monopoly in terms of interest and interest rates".*

Suspicion in terms of how they were making these profits was a common theme throughout all the groups. Many respondents believed that if they are making huge profits, then it must be impacting on the type of service they receive, or the charges that they pay.

> *"You know how much money they are making when you get a statement about what they are going to charge you. The charges are really excessive".*

Understanding and empathy for the banks position from consumers therefore, only went so far. Respondents were more willing to express empathy for the position of staff within the bank, or for other institutions, such as Credit Unions. Understanding of the position of the bank as an institution was limited and qualified. The degree to which consumers see the bank as being understanding of their position, has been extensively dealt with under the other dimensions, such as provision of social support, and level of reciprocation. In summary, it was felt that the bank was not genuinely interested did not wish to, and did not need to understand the consumers position. Therefore, while consumers expressed some understanding of the bank, they felt that it was not generally reciprocated.

5.3.6 (b) Liking and Affection

Taking empathy and understanding a stage further, liking and affection have also been identified as being present in close interpersonal relationships. Unsurprisingly, after all that has gone before, an analysis of the perceptions of consumers showed that expressions of liking and affection, were almost non existent, when they were talking about their bank. Indeed, the many quotes which have been used to illustrate people's feelings about all the dimensions of interpersonal relationships, show that very few would express any level of liking and affection, even those who look relatively favourably on their bank. The strength of these peoples' feelings did not extend to expressions of affection. The limit was expressions of being happy with their services and a willingness to be pleasant. It was very much seen as a business transaction. *'they are good', 'they are friendly'* or *'I find them OK'* were the limit of positive statements.

For a large number of respondents, statements of intense disliking were very common.

> *"I don't like banks at all" , "I don't want anything to do with them but I have to" "..how dare they treat us like that." "..It made me so angry" "..they plagued me" "...they didn't want me in there" "I found them really repulsive".*

It can be concluded therefore that the dimensions of liking and affection were totally absent from the consumer-bank relationship.

5.4 The Focus of The Relationship

Having examined the major dimensions of interpersonal relationships in a consumer-bank setting, by looking at consumers' own words and perceptions. It was established that relationships in this context were extremely weak, not close and fleeting.

The second set of research questions take this a stage further. One of the most important features of any relationship, is that it must be perceived by both parties to exist. Therefore, it was necessary to establish whether consumers believed that a relationship existed between themselves and their bank. It was then necessary to look at the focus of any relationship which did develop in a bank setting, and to look at the effect that personal contact has on banking relationships. The analysis of respondents' views on this area was completed by closely following the research questions.

1. Do consumers perceive a relationship to exist with their bank?
2. Is any relationship which exists, with the bank, or members of staff ?
3. Can personal contact or personal relationships lead to a relationship with the bank as an institution?

5.4.1 Does a Relationship Exist with the Bank?

When directly asked, the vast majority of consumers in the sample were reluctant to call their dealings with their bank a relationship. A large number took the view that categorically, it was not a relationship with the bank. *'No definitely there's no way I would see it as a relationship'.*

Others who had previously said that the bank they were with was different from other banks, for example, was more friendly, still did not see themselves as having a close relationship.

> *"I wouldn't call it a relationship. It's just convenient, it's just there. It's like any shop. My bank is good and all that but I certainly wouldn't say I have a relationship with it".*

The theme of the bank being a convenience, as opposed to being anything more, was widespread throughout the groups.

> *"When it comes to mortgages and stuff, I have mine from the bank because they know me, they are useful. That's what they are there for but I don't feel close to them. No I wouldn't have a relationship with them".*

Dealings with the bank as they presently stood, rarely went beyond a customer-business interaction.

> *"I think you feel it's just a business. I don't have any personal closeness. I don't think of banks like that"*

Some respondents were willing to see their dealings with their bank as a relationship at some level.

> *"I sort of do have one , and I'm happy that I do have some sort of a relationship and I like to have it, it makes things easier".*

This view was very isolated, and when pressed, it was not perceived as being particularly close. The closest people came, was in feeling some level of comfort with the way things were done, and familiarity with the bank's processes

> *"I've been with them so long I feel comfortable with them but there is no way I have a relationship with them".*

In general, it seemed that respondents saw the bank as providing a necessary service which they needed on a regular basis nevertheless, they were unwilling to see the bank as anything other than a convenience. Any dealings which they had with the bank were seen very much as a business transaction and did not go beyond that. These 'business transactions' were not seen as a 'relationship' in the view of an overwhelming majority of participants.

Reasons Why a Relationship is Not Perceived to Exist

Several major themes emerged to shed light on why this was so. Firstly, there seemed to be a clear differentiation in respondents' minds between a business relationship with their bank, which they did not see to be close, and a personal relationship which had the potential to be. Consequently, most believed that their dealings with the bank were too impersonal and distant for any meaningful relationship to exist.

> *"I've a relationship with a machine in the wall. I think it is too impersonal to call it a relationship. I think it's too much of a distance to call it a relationship. I don't think my name would mean anything to them other than a number".*

This depersonalisation was continually mentioned as a deterrent to relationship formation.

> *"Every few months they change over staff, the whole point is to get you in and out fast ... you don't really have a relationship because there are so many people coming in and out every day that it's impossible to have a relationship".*

This led to the bank being seen as remote for many respondents *'I think to a certain extent they are not accessible enough'*. In effect, the bank as an institution was too big and impersonal. Some saw it as a type of 'Big Brother' figure.

> *"They can tell you exactly what your lifestyle is. They know how much money you have. They know how much you spend in a week, and how much your mortgage is for. They can predict what you are going to do over the next ten years. It's frightening".*

Many respondents needed to feel some deeper level of interaction in order for them to perceive a relationship to exist. This was unforthcoming at present, therefore, a relationship using their definition, was not present. Most believed that a relationship with the bank was unlikely because they had a bottom line and had to do the best for themselves. *'I don't think you can have a relationship.....they have to make a return on you'*. Many also contrasted this with the past, when they felt that relationships were more prevalent.

> *"The older people would probably have a relationship with the bank. They join a bank and stay with them for life. If the bank was charging 100% it didn't matter, they knew someone there and that was it, but the younger people have a different outlook, they want the best deal and they move around".*

Respondents also felt that a relationship was more likely with other businesses, such as a corner shop, or perhaps with an institution like a Credit Union. This was put down to the fact that they were seen as being much more personal in style, and actually relied on peoples business, which the bank did not. As was shown earlier under the dimensions of interpersonal relationships, it was generally believed that the bank had no interest in forming a relationship with them unless there was a major gain for the bank. Therefore, no genuine relationship could exist. At that stage it was too late.

> *"It's a little two faced of the bank, whereas they are very offhand with you at one stage, they're very friendly when they are looking for your money".*

Explicitly, and implicitly in the language used, the vast majority of consumers felt that no relationship existed. In essence, the views of consumers when asked directly whether they had a relationship with their bank, reflect and back up the absence of the dimensions of interpersonal relationships. The general lack of long term commitment, trust, social support etc., had led consumers, unsurprisingly, to believe that no relationship exists. Consumers in the sample generally do not feel close to their bank. The lack of substantial levels of personal contact and the consequent perception of the bank as being a remote, distant institution, were identified as being responsible for this.

5.4.2 Bank or Person Focused Relationship?

It has been shown that consumers in the sample perceived no relationship to exist between themselves and their bank as an institution. The next step is to explore where any relationship which is present (or desired), is focused.

When respondents believed a relationship to exist, it was seen by virtually all to be focused on the individual, rather than the bank. They felt that personal contact was very important and were much more willing to call their dealings with staff in the bank a *relationship,* compared with the bank as a whole. Relationships in this setting took various forms.

Close Relationship with one Individual

Among the 32 focus group participants, a small number said that they had a close relationship, which was focused on one individual. Indeed, in some cases the person with whom the relationship was established, was often a personal friend

> *"We have a friend who works in the bank and sorts out our money. We have a relationship with him more so than the bank".*

Some respondents even managed to develop a personal friendship out of a business relationship.

> *"It's gone beyond business now. I'd meet him in the street and we'd go for a pint at this stage. It's not that I'm one of these triple A customers. I'm far from it, but it's just that it's gone beyond a business relationship. We have actually developed a friendship".*

These types of relationships were very much focused on one individual in whom trust, commitment, etc., could be placed. One participant said *'I do feel my trust is very enhanced because of the relationship with the guy who handles my account'.* It seems therefore, that unless individuals have some level of personal contact, the level of trust in the banking institution is relatively low.

"You can build up personal trust in someone you know in the bank. It's much easier when you can talk to someone and see their face".

Commitment, provision of social support, communication etc. was also strong in the individual, and relatively weak in the bank. While it was shown that commitment to the bank was relatively low, higher levels of commitment were very much focused on the person.

"we work through this one person, as he moves banks, our accounts move as well".

Similarly, communication was also vastly improved.

"I can walk into the bank this minute and ask for Larry and he will come to the counter. I never have to make an appointment".

"I would put it as a relationship with the guy that I deal with in the bank, and I would like it like that always. If he transfers from his bank I would change to follow him".

Good Working Relationship with Personal Contacts

Close relationships with one staff member were relatively rare and difficult to achieve. However, many other respondents believed that they had some sort of a business relationship with a member, or members of staff. This generally consisted of one or more personal contacts that they could ask for.

"If you have someone's name you can leave a message and wait until they are free. It's important, there's no point in starting from scratch with someone new".

This member of staff does not have to deal with all the consumers' business, in order for them to feel that a relationship exists.

"If you know the person's name you can build a relationship and if they want certain things, then they will be more likely to help you, and if they can't they will put you in contact with someone who will".

These types of relationship may not be seen as being as strong as those focused on one individual, but they are an important point of contact for the consumer to help to ensure that their needs are being met. For some respondents who had developed this type of relationship, the personal element had become the primary reason for remaining with the bank. *'That alone makes it worthwhile'*, was a commonly expressed sentiment.

The Benefits of Personal Contact

Participants who felt that they had a relationship with some contact staff, had many more positive experiences. These experiences were in almost all cases, put down to a personal element. The credit for this satisfaction was generally given to the person, rather than the bank. Very few people were willing to credit the bank.

> *"When I got my mortgage the bank put me on an endowment mortgage. Two months later I got a phone call from someone I knew to say get down here fast. I went down and he said he was taking me off that. They screw you to the ground he said, the only reason he did that was because he was a friend".*

The benefits which respondents believed accrued from these type of relationships, closely mirrored the major dimensions of interpersonal relationships, which were absent in their dealings with the bank as a whole. Those who believed that they had a relationship with a member of staff, constantly said that their banking experience was made much easier. Personal contact vastly increased flexibility, which meant that each case was looked at individually. Cases were more likely to be looked at on the merit of the unique personal circumstances, rather than on the basis of computer generated printouts.

> *"If you talk to people on a personal basis they will do their best for you, they don't have to follow a certain line".*

There were many stories of people who had had some problems which were sorted out by individuals that they knew, for example, one respondent had an accident and was out of work, when a person he knew in the bank rang him.

> *"He was under the impression that I wouldn't be paid from work, but I was. He was nice enough to ring me and tell me not to worry he would look after things for me".*

Respondents who did receive this attention felt that it would not have happened without that personal contact.

> *"Only for the personal touch I would still be paying over the odds and I still wouldn't know about it".*

Feelings of belonging, and consequently social support, were also greater. People felt that they were getting greater satisfaction, their banking needs were being taken care of in an efficient manner, and they were not being taken for granted.

> *"I thought it was fabulous, he wasn't out to make a quick buck. He was seeing what was best for me, but he wasn't getting every last penny from me".*

In fact, many believed that problems were much more likely if a personal element was not present. Feelings of anger and frustration were more likely to develop if problems could not be sorted out with a quick phone call to a named individual.

> *"You can pick up the phone without any agro. There is none of this, how dare they, this shouldn't have happened. It's sorted straight away".*

Even among respondents who did not feel that they had a relationship with the bank, or staff (which were large in number), there was much evidence to suggest that they would see any potential relationship as being focused on an individual rather than a banking institution.

> *"O yes definitely it's very important to try and form a relationship with some staff member, but it's difficult".*

> *"I'd prefer to be able to walk into a branch and be able to say hello to somebody. It's my money so I'd like to be able to ask what's happening to it".*
> *"You build up a friendship with a person or two people in the bank. You always tend to make a phone call to them down the road if they go to a new bank"*

Some respondents also believed that it was important to be pro-active in attempting to establish personal contact.

> *"You just need a contact name, and if you don't like him, just write to the bank manager and ask for somebody else".*

This was becoming more difficult to achieve, and consequently made relationship formation more difficult.

Difficulty of Relationship Formation

Do to the fact that relationships were very much seen as personally based, the lack of personal contact was seen to be the major obstacle for relationship formation.

Respondents who believed that they had no relationship, were concerned by the increasing depersonalisation. *'It should be more personal than just notes and coins'.* The major reason that many felt they had no relationship was because of the lack of personal contact.

> *"Well I do think some relationships are personal but apart from that you don't really have one because there are so many people coming in and out every day that it's impossible to have a relationship".*

There was a widespread perception also, that that the bank itself discouraged face to face contact. Many said that when they went to the counter for simple transactions they were discouraged from doing so.

> *"They don't want you in there, they want you to use every electronic thing, they don't want you to talk to anyone".*

> *"I do believe that it has got more impersonal as the years have gone by. Originally you knew the bank tellers or officials and you had some form of relationship with them. When you go into a bank you don't necessarily need to know your bank manager any more".*

Type of Personal Contact and Relationship Development

While it has been established that for a large number of consumers in the sample, any relationship which existed or was desired, was focused on bank staff, it was also noticeable that regular personal contact did not always lead to a relationship.

The type of staff with which the relationship was formed, seemed also to be important in determining its strength. It was difficult for many to receive the benefits outlined from counter staff. They were seen as providing only a basic administrative role. A relationship was seen to be difficult because of a lack of training of these employees.

> *"Many of the staff are not trained. They don't know what they are talking about with more difficult products, and sometimes they don't have enough information so you have to go higher".*

> *"But if you have those junior workers who haven't actually had the same training as the others, they just don't know what they are selling".*

Several respondents called them *'yellow pack workers'*, implying a cheap and inferior dimension. Most participants who valued a personal element, believed that they were not in a position to establish a relationship with these staff.

> *"There is a whole new crew of these tellers at the counter all the time, and they are different every time you go in. The older staff have stepped back and they have all the lower paid workers out at the front meeting the customer."*

Personal contact per se may not be enough. This is worrying for the bank in that these staff are the primary customer interface. If relationships with these staff were difficult to form, the bank as a whole may lose out. One respondent summed it up.

> *"...in order for staff to be pleasant, they have to be proud to work for that bank, and not feel they are being used. These people are going to be tellers all their life, with no chance of promotion. Unless you feel you are going to make a step upwards, you're not going to make an effort".*

Similarly, some respondents mentioned that banks were seen to be personalising the process at a later stage, when more money and more complex products were being dealt with. This was seen as being too late, in that the minor day-to-day interactions were important in forming opinions about the bank as an institution.

There were a small number in the sample for whom personal contact was not an important factor. For some of these, clearly any relationship was not personally based.

> *"So long as I get the right information and services as and when I need it, that's what's important to me, regardless of whether I deal with 1 or 10 people. ..it's just not terribly important to me to meet someone".*

These respondents believed that the results would be the same, regardless of the type of contact that they had. Most had only minimal contact, and felt that as long as their business was looked after in an efficient manner, they didn't mind how it was done. They clearly did not want a relationship with bank staff. However, they were also averse to a relationship with the bank as a whole, and seemed to be happy with a small amount of contact. The differences between respondents' views regarding the establishing of relationships, is looked at in a subsequent question.

In summary, while only a small number were able to achieve a personal relationship, it was evident that many respondents felt that any relationship which was established was very much focused on the individual, rather than the institution. Close relationships required high levels of personal contact. This relationship was felt to be closest when it was with one individual, and in some cases even developed into a personal friendship. Other individuals felt that they had a relationship with several members of staff, with whom they dealt on a regular basis. Even many of those who did not feel that they had a relationship, continually stressed the importance of personal contact. A relationship with a person in the bank was much easier to countenance than one with the bank itself. Paradoxically, while consumers viewed the personal element as important, the bank itself was seen as actively discouraging it, except when an attempt was being made to sell more services. The importance of personal contact to most people, and the distance of the bank as an institution was summed up as follows

> *"You might be in there so many years and you go in some Friday and your man has been moved. Your case has been changed completely and all of a sudden you don't know anybody. After a while you feel alienated".*

The major themes which emerged in this area, and the types of relationships which were present in banking are summarised as follows.

Focus of Retail Banking Relationships

Major Themes	Level of relationship
• **Any Relationships very much focused on individuals** • Relationship requires a substantial personal element • Relationships 1&2 are not present for a large majority of people	1. **Very Close Relationship with one person, based on friendship** *large amounts of trust, commitment etc. placed in an individual* 2. **Good working relationship with one or more members of staff** Trust, commitment in these individuals much greater than in the bank
• **Type of personal contact important** • Relationship difficult with counter staff due to lack of training, not having enough time	3. **Poor relationships with staff at counter** *low levels of commitment, trust sympathy with staff Just familiar faces*
• **Bank itself too distant and remote**	4. **Relationship with bank almost non existent (Q1)** absence of interpersonal dimensions

Other Themes	Reasons
• Huge benefits of personally based relationships which are not possible without one.	• These benefits lead to increased levels of the important interpersonal dimensions
• Close relationships difficult to form	• Due to increasing depersonalisation
• Small number don't find personal element important	• Generally don't see relationship focused on bank either. Relationship averse. (later question)

5.4.3 Can Personal Relationships Lead to a Bank Consumer-Relationship?

The next stage of the analysis, again follows closely the research questions. It attempts to explore whether the potential exists for banks to develop relationships as a result of prolonged periods of beneficial face-to-face contact between the consumer and staff. As the analysis continued, this research question took on added significance, due to the importance which a large number of consumers attached to personal relationships in a bank setting.

As has been shown, there was little evidence to suggest that respondents would be willing to see themselves as having a relationship with the bank as an institution. Many would never see themselves as having any type of relationship, regardless of how much personal contact was achieved. Relationships would always be seen as being with an individual or individuals. Commitment, trust, social support, good communication etc. were all felt to be dependent on personal contact. This was the case not only for the relatively small number of individuals who were happy with their bank, but also for those who were not.

Many respondents said that they would be willing to follow a personal contact to a different bank. This is not to suggest that these types of personal relationships are not useful to the bank. Indeed, the bank will continue to gain all the benefits from this relationship, even if it is totally focused on one person. These consumers will continue to use a wide variety of services from the bank, which will continue to gain a large percentage of their financial services spend. There is some evidence that contact of this nature, can lead to a better image for the bank as a whole *'My relationship with him enhances my view of the bank'*. This enhanced view, may lead to the consumption of extra services, however, it may not ever be seen as a relationship. The danger in this is in not being able to transfer some of this commitment to the bank as an institution. An analysis of respondents views suggested that some situations may be more conducive to this than others.

The potential for some sort of relationship with the bank may be greater if the focus of the relationship is with several people, rather than one close personal contact based on friendship. Some respondents saw their relationship as being based on personal attention, however, when no personal relationship had developed, this contact may span several people, or may just involve feelings of comfort with the quality of staff in general.

> *"If the person you were dealing with was leaving and you have built up a relationship with him, they can pass on your file to someone else".*
>
> *"It didn't matter, it wasn't about establishing any relationship, it was just purely common courtesy and the fact that they recognise me as a person".*

Some respondents did outline areas in which banking institutions could improve, which had the potential to increase elements of trust, commitment etc. If people can feel trust, commitment etc. for the contact staff, then they will be more willing to go back for further services, and the bank will gain a greater share of their lifetime value. This could effectively be seen as a relationship with the bank. However, this ignores one of the major elements of any relationship, i.e. it must be mutually perceived to exist, which at present for a large number it does not. Therefore, banking relationships will be more likely between consumers and highly trained quality staff, from which the bank itself will ultimately benefit.

5.5 Important Factors in Banking Relationships

This research question explores the important dimensions which respondents believed had the potential to lead to enhanced interaction with their bank. It quickly became clear that even if many of the important dimensions were present in their interaction with the bank, it would still not be seen as a relationship. However it would lead to a long-term orientation, and a willingness to use that bank for a wider range of products. Given this fact, the important elements of relationship development are explored, regardless of where the relationship is focused. Several important factors were identified. These were very much related to the perceived absence of many of the dimensions of interpersonal relationships which were looked at in Section 5.3.

5.5.1 Social Support

This was expressed by many participants as a desire to be treated as an individual, for increased human interaction, and for the bank to show a more interest in them as a customer. To be seen as a person, or as more than just a number was a major issue for many respondents.

> *"I used to be with a bank, and all the time I was with them they never once addressed me by name. It was on my card and the computer before them but they never used it, it was infuriating. I wish they had used my name".*

It was important however, for this to be seen as genuine. One of the major problems already outlined, was that this interest was perceived to be insincere. Consequently, any attempts at this were viewed with suspicion. Calling someone by name, may not directly lead to some type of a relationship, but there was some evidence that it was an important first step.

> *"I don't think that they have the right to call you by your first name when you go into a bank. They have to get to know you first. I think it's something you build on".*

This mirrors the difficulties that many saw in dealing with inexperienced front-line staff who did not know them. Building on this, a large number of people expressed the view that it was essential that they received respect and recognition for their custom. In effect they wanted to be appreciated as a valuable customer and not be taken for granted.

> *"I think they need to view people as customers, valuable customers, which I don't think a lot of banks do".*

This is not only when they were getting extra products, but also when dealing with simple services.

> *"I think people realise that they are being segregated according to how much interest the bank has in them. I have a mortgage with that bank but when I go in to lodge or take out money I don't want to be herded like cattle".*

In order to be treated as an individual, most agreed that a substantial personal element was important. An important way of building some type of a relationship was to establish a personal contact or contacts within the bank.

> *"You need a personal contact, a name even, and you can build the relationship yourself".*

This would have some positive effects for the bank as a whole

> *"I think for the banks' sake it would be better to have a personal element. Loyalty would be built up between the customer and the bank".*

> *"My relationship with him enhances my view of the bank".*

> *"Dealing with him makes banking there worthwhile".*

Another important element of being treated as an individual, was a desire by many to be treated with more flexibility, to reflect individual needs. In other words, most people wanted each case to be taken on its merits, rather than being dealt with by generic computer generated letters. This again required a substantial personal element. Instead of sending a threatening letter because an account was 30p overdrawn (which had happened to one respondent), de-standardised processes could ensure that this did not happen on a regular basis, as it presently does.

While most wanted some form of personal recognition, and would view their bank in a more favourable light if this was done, not all believed this especially important. A small number did not feel that it added significantly to their view of the bank *'I feel fair play to them for making an effort, but I don't exactly say; oh this is a great bank!'* These respondents wanted relatively little contact with the bank as long as things ran smoothly, and were in fact generally relationship averse. The differences in attitudes between respondents is looked at in the next question.

For the bank to present a more human face and to treat every consumer as an individual, was the most important theme to emerge. To remedy this would have the most potential, in a preponderance of respondents' eyes, to enhance their view of the bank. These factors closely mirror some of the important elements of social support. Personal contact increases a sense of belonging, and decreases alienation.

5.5.2 Privacy/Confidentiality

Privacy was also an important issue to most consumers in the sample. As has been outlined previously, respondents continually complained about the tactics used to sell extra products. Many felt under pressure when being rung at work, or late at night. *'Nine or ten o'clock at night they'd phone selling insurance. You're under pressure'*. Some spoke of being *'hounded'*. There was widespread negative reaction to the perceived *'hard sell'*. This added to feelings of isolation from the bank. This desire for more space or privacy was not confined to being called at home or at work, but was just as acute within the branch itself.

> *"I just went in to cash a cheque, but what she was trying was the hard sell. You should be able to go about your business without being hassled".*

This may not happen every time someone visited the branch, but the number of times it was mentioned, did highlight the fact that it was relatively common. Many also expressed concern that often, complex financial information was discussed at the counter and could easily be heard by others.

> *"They pride themselves on confidentiality, but in reality you have no confidentiality. There is always someone behind you looking over your shoulder".*

Reducing this pushing of extra products, may have the effect of reducing the level of pressure on many consumers and ultimately lead to a more favourable disposition towards their bank.

5.5.3 Service Quality and Efficiency

Another area which was constantly highlighted as having a positive effect on how respondents view their bank, was service quality. This was linked directly by some, to the level of commitment, or the amount of business that they were prepared to do with their bank.

"I am committed to any bank based on the level of service or the lack of service I got from them".

"How you're treated as a customer is going to determine whether you go back for another product".

This service quality consisted of a level of basic competence and an ability to get things right. Seemingly relatively straightforward tasks such as transferring money between two accounts, were sometimes not carried out efficiently. While this may be a relatively rare occurrence, there was a perception that it happened in banks more often than elsewhere.

"One of the major faults which need to be rectified would be a lack of efficiency, and making mistakes. Major mistakes which, if they were made in any other part of industry or business, just wouldn't be tolerated".

Many said that banks were inflexible even when they didn't have to be, for example, some respondents were aggrieved that they were unable to cash a cheque in a different branch of their own bank. This was seen not as a security measure, but as a ploy to make them lodge it to their account to increase the bank's revenue. If this flexibility changed so would many peoples' attitudes.

Related to this, a quick and efficient resolution of problems when they did arise, was also seen to be important. Several respondents said that they had changed banks as a result of problems not being sorted to their satisfaction. Among the relatively large number of people who were pleased with their bank on that point, speedy resolution of problems was also very important. Unsurprisingly, a major element in respondents' positive feelings towards their bank, was the politeness and friendliness of staff, who are the main customer-bank interface.

"I really like when they don't have this air of grandeur and snobbishness about them. It's great when they are friendly and not stand-offish."

Not only was this seen as being essential, but it was important for a large number, that these staff have enough time to deal with consumers, are properly trained, and have the power to make decisions on their own without reference to rigid rules.

> *"I wish the person at the other side of the counter could understand what was going on. I had to explain it to her".*

Respondents constantly expressed the view, that their attitude to the bank as a whole would improve if this basic interaction was improved. This was because it was the bank rather than the staff which were blamed because the staff were seen as being exploited.

5.5.4 Communication

As was shown in Section 5.4.3 there was a widespread perception among respondents, that a bank would only give the minimum information that it could get away with, in order to maximise their gains. Unsurprisingly therefore, improving the nature and type of communication has the potential to add to consumers positive feelings, and therefore increase the potential for some type of relationship development.

A major priority for a large majority of participants, related to improving the information provided by their bank in relation to charges. Most respondents believed that it was important to be fully aware of what they would be paying in the future. Educating the consumer in relation to effectively managing their account was seen as an important part of this. While it may cost the bank money in the short term, many consumers believe that it would have longer term benefits.

> *"I do think they could do a bit more to educate the customer. Like if your dealing with the bank for a number of years and they have your banking history, they could have a guy sit down and say well look now your doing this with your account and that is actually costing you money. Could you try and do this or would it be convenient for you to do this? That's going to reduce the amount of money we have to charge you. And like it is very unlikely that the banks are going to do it, but at the same time they'd have a much happier customer".*

It was also felt that it was important to receive ongoing communication from the bank, rather than just when there was a problem or when the bank wanted to sell extra products. Virtually all respondents agreed with this. However, there was not a widespread consensus as to how this was to be achieved. Some suggested a regular newsletter, others felt that extra statements were desirable. While respondents were vague about how this communication could be improved, the most important element in peoples' minds was that they wanted to be kept fully informed with regular contact. This contact or communication should not be pushy and should not cost extra. A typical example of this was;

> *"Obviously my opinion of them would improve and I would be more likely to do more business with them if they gave me the information I needed and was entitled to, without costing me money".*

5.5.5 Commitment and Recognition of Long Term Patronage

It was vitally important to many respondents that they were rewarded for being with the same institution for a long period of time. In effect, it was seen to be essential that the bank showed commitment to them for long term patronage. Commitment was largely present in close relationships with staff in the bank, and was largely absent from relatively distant customer-bank relationships. However, both groups felt that commitment was important regardless of where it was focused. It was felt by a large number, that the bank as an institution needed to show that it valued its individual consumers.

> *"talking about loyalty and commitment from your bank....there is no sort of loyalty.... but it would be nice to get something back".*

There was widespread dissatisfaction among respondents who were with their bank for many years, that they got less incentive or rewards for remaining with them, than people who joined got on their first day.

> *"I think if you are there a few years you should get better rates. There is nothing. You could be with the bank for one week or twenty years, there is no difference in the way you are treated. You are just a customer and that's it".*

> *"There is a standard rule for everyone, it doesn't matter who has been a good customer or if you just joined yesterday".*

> *"Surely because you've dealt and saved with them so long, they should give you the best".*

5.5.6 Trust

All the respondents used either one or more of the *complex* financial products provided by banks (as screened for in the screening questionnaire). A large number of these, viewed trust as being an important element of any relationship. As was shown, those who felt that they had no relationship with either their bank, or individuals within the bank, perceived low levels of trust to exist. Those who felt that they had a relationship with a member of staff, felt that trust facilitated this.

With relatively large resources invested, a significant number believed that it was very important to have greater levels of trust than implicit trust i.e. *'you've no choice but to trust them'*. Opinions were constantly expressed, that it would be great to be able to rely on the fact that they would look after your finances, without having to continually check on them.

> *"I would love to be able to have confidence that everything was being looked after properly, certainly my relationship with them would improve, I wouldn't have to worry anymore".*

The most important level of trust, in many respondents eyes, was being able to depend on the financial advice which the bank provided. This advice needed to be seen as truly independent, with consumers' best interests as the priority of any information given.

> *"If I could depend on the fact that what they were telling me was in my best interest and not theirs, then I would be much more likely to use them for other things. I wouldn't need to look around".*

This was particularly important given the fact that they did not understand the precise details of many of the transactions.

> *"You need to have trust in the guy you are dealing with, particularly for insurance policies".*

It was also noticeable that most respondents said that they would be willing to use extra services if they could depend on, and trust the bank, however, again the majority were unwilling to actually call it a relationship. A small number nevertheless, felt that trust in the institution was merely a reliance on a set of accounts and did not go further

> *"I'm not trusting the bank, I'm trusting the set of accounts that make up the bank and that they are commercially viable. But that's nothing to do with the relationship. That's a commercial decision on my part".*

High levels of trust did not enter into it, as they would continue to rely on themselves to ensure they got the best deal, or would rely on legislation to protect them. These individuals generally felt that a relationship based on trust was not possible, and seemed to be averse to the establishment of any type of relationship, wherever focused.

In summary, this section has suggested the important elements from the consumers' perspective, in their dealings with their bank. These elements closely mirror some of the most important elements of interpersonal and other marketing relationships. Nevertheless, even if all these dimensions were present, they would usually be seen as being with the person. Most people would not see it as a relationship with the bank, but with individuals within the bank. The bank however, may continue to gain all of the benefits of any relationship, wherever focused. Some elements of interpersonal relationships may never be present e.g. liking and affection, but for many, if most of these factors are, then the potential may exist for some form of close relationship. Some individuals would always be relationship averse, regardless of the presence or absence of these dimensions. This is explored further in the next question.

5.6 The Relationship Marketing Continuum

The research questions upon which the analysis of this area is based are as follows

1. To explore whether the potential exists to segment banking markets based on the type of relationship desired by consumers, i.e. are some consumers more prone to developing some type of a relationship than others.
2. To explore whether consumers of retail banking products are more likely to enter into a relationship, depending on the type of transaction and the complexity of financial service product being offered.

5.6.1 The Individual Continuum

To explore whether the potential exists to segment banking markets based on the type of relationship desired by consumers, i.e. are some consumers more prone to developing some type of a relationship than others?

This question explores differences between individuals in their attitudes towards the establishment of a relationship, with either their bank or with staff. It seeks to establish the existence of a continuum in retail banking, from those who are completely relationship averse, to those who are totally predisposed to relationship development. It looks at whether respondents want some type of relationship, regardless of whether they believe they have one at present or not. It goes on to categorise respondents according to how they view their willingness to establish a relationship. This will suggest segments based on the type of relationship desired.

Due to the exploratory and qualitative nature of the study, no attempt is made to quantify or measure segments. The analysis of this question purely attempts to suggest their presence or absence, and suggests "loose" categorisations.

As has been outlined previously, the vast majority of respondents believed that as things presently stood, they had no close relationship with their bank. A small number believed that they had a relationship, but it was based on one or more members of staff. Nevertheless, there was evidence to suggest that differences did exist between respondents as to whether they would want a relationship or not. Three major categorisations of respondents have been suggested.

5.6.1 (a) Segment 1 Relationship Averse.

A relatively small number of respondents implied that they would either not want any type of relationship, or were indifferent to forming a relationship, wherever focused. These respondents generally avoided contact with their bank unless it was essential. Most of the contact that did occur was done at arms length through technology, rather than dealing with a person. Some of these respondents seemed to make a point of not visiting the bank or checking progress of financial products regularly.

> *"If I had no business to conduct in there, I wouldn't go near them".*

One respondent who had life assurance from his bank said;

> *"I don't bother with it too much. Once it's written down in black and white. I wouldn't be too bothered one way or the other because they are regulated".*

This is not to suggest that the returns were not deemed to be important, just that it was felt that they did not need to be checked regularly. Indeed, these respondents believed that despite this minimal level of contact, the type of return received was important. *'I want the least contact possible and the best deal possible'*, was the prevailing attitude. They were willing to express that they would not want any type of relationship even if things improved markedly.

> *"I don't want any major contact with them, I get what I want from them, they get what they want from me, that's as far as it will ever go".*

These respondents also constantly mentioned convenience as being a very important element in determining how they viewed their bank.

> *"It's just total convenience, I can get what I want with the minimum amount of hassle".*

While virtually all consumers in the sample were prepared to use technology for relatively simple transactions, respondents in this segment felt that technology was much more important than being able to meet a person face-to-face, in order to improve their interaction with the bank. Consequently, they were indifferent to relationships with staff.

> *"I don't think you can have a relationship even if you deal with a nice person. He still has to make the same amount of money from the product you buy than a very abrupt guy, who gets straight to the point. They both have to make a return on you".*

> *"The person to person contact doesn't bother me at all".*

> *"It's not that I don't want them involved, it's just that it's not important to me."*

> *"I don't want to be going in there, I'd rather just use the ATM".*

> *"They fax me standing order forms and I send it back to them. I don't have to go near them, it suits me".*

Technology was seen as a way around problems and delays, rather than a hindrance or a means by which the bank could keep them at a distance.

> *"They give you a loan over the phone.... you don't have to through all the hassle of filling out forms".*

Respondents in this category were more prepared to deal by phone, as well as not placing a high emphasis on personal contact. Personal interaction was not deemed important because they did not feel it was necessary in order to efficiently conduct their business. Some respondents even expressed the view that they would feel uncomfortable to be dealing with one person within the bank as it creates problems, and thus tried to avoid it.

> *"...getting to know people in the bank's a hassle. I wouldn't like to be out at night and meet someone who knows how much I have in my account".*

Others said that being called by their name when they visited the branch made them uncomfortable. Indeed, the anonymity of the process seemed to appeal to some. Leading on from this, while privacy and confidentiality were important to many respondents in the sample, it seemed to be of greater importance to these individuals. This mirrors their desire for some sort of anonymity. Typical responses were;

> *"I just don't want them or anyone else knowing too much about me.... you need privacy".*
> *"I'd rather have the freedom of going to somebody completely different for other services".*

Notwithstanding this, a major theme to emerge from individuals in this category, who were indifferent to a relationship, was that while they did not value personal contact and relationship development, they placed great emphasis on courteous service and respect. In other words, they still expected the bank to carry out their responsibilities in an efficient and pleasant way. One respondent who did not value any type of relationship said:

> *"I don't care how they deal with my account as long as the issues are sorted out and I get respect".*

Within this category of respondents were a small number who were anti-bank per se. This was primarily due to past experiences, which they believed had made future relationships impossible.

> *"I don't like banks at all I've no time for them. I just don't want anything to do with them".*

Some of these people felt that they would never be willing to remain with one bank, and would always want to be able to shop around for the best deal.

> *"I would have no loyalty to one bank if the service was costing me money. I wouldn't go back to them. I'll always go where it won't cost me money".*

Individuals in this category were characterised by being very much transaction focused, wanting the services with the minimum of 'hassle' and effort. As was shown in 5.5 the important elements of interpersonal relationships were absent for most people in their interaction with their bank. Nevertheless for a small number of people many of these elements were not important. These individuals did not feel that that social support (i.e. a feeling of belonging) was important.

> *"I don't feel strongly one way or the other whether they call me by name or not".*

The most important factors which they wanted and expected from their bank were efficiency, respect, basic competence and the speedy resolution of problems when they did occur. They did not expect their bank to look out for them and do its best to meet their needs. They realised that the bank was first and foremost, a profit making organisation. Consequently, they were fully prepared to look out for their own interests, rather than relying on the bank to do it for them. They saw their interaction with their bank as being very much a business dealing. One respondent summed up their attitudes;

> *"Well as I said, I don't really have much of a relationship really. I go in and cash a cheque, take the money and go. That's my relationship, that's how I like it."*

Respondents who positively did not want any type of relationship in any circumstances, were small in number. This suggests that this segment would be relatively small, although no attempt was made to measure it. Few respondents in the overall sample were prepared to say that they wanted little contact or interaction with their bank. Most, if given the chance did want to feel involved at some level in the banking process, given that it was their money at stake. This entailed some type of *relationship*.

5.6.1 (b) Segment 2 Desire for Positive Contact

Respondents in this segment differed somewhat from those in the previous segment. Both obviously wanted their banking experience to go as smoothly and pleasantly as possible. However, while those in the first category felt that this was achieved by minimal contact, respondents in the second category wanted a relatively large amount of contact with their bank, to facilitate the process.

This contact did not necessarily have to be with the same individual, or a small group of individuals. Different members of staff could adequately fulfill their contact needs.

> *"No it's not necessary to see the same people. When I go to the bank I like them to be receptive to you, not putting you on the defensive asking have you got an account here".*

This contact was desired because it was seen to have benefits which could not be achieved without being known to the bank or its staff. In effect, personal contact was desired to lessen or solve problems. These respondents would be much more receptive to efforts from the bank to establish some level of contact. Some expressed the view that they would respond positively to being called by their name when they visited the bank.

> *"It would be very easy to call me by name. It would make everything more pleasant you know".*

As long as they felt that they were receiving an adequate service in a courteous and efficient manner, they would be willing to use the bank for a wide range of services. Similarly, these respondents wanted the bank to be accessible to them. This included being able to use the branch for basic services, and being able to speak directly to individuals. Convenience was also important for simple transactions. Respondents were very willing to use technology to facilitate smooth interaction for simple services, although they wanted to be able to hold someone accountable for the way their account was handled, or the type of service they received. There was a general reluctance to use technology to replace personal contact and personal accountability.

> *"You only get X amount of information over the phone or on a document that would be sent to you. It's better if you are actually looking at someone and saying, what about this, and what about that."*

> *"Banking 365 or 24 hour banking are fine for checking your balance or seeing whether your cheque has gone into your account. That's fine, but for loan approval or mortgages, or anything like that, there's no way..... You don't know what you are getting over the phone. It's something that you have to sit them down and grill them about".*

This attitude conflicts with the previous category who were more willing to use telephone banking and were averse to relationship development. Notwithstanding this, while these individuals expressed the view that they would be receptive to more pleasant and personal interaction, they said that they did not want a relationship.

> *"I don't want a relationship but it just adds to your comfort when you're in there and someone says, 'thank you very much', mentions your name and maybe something about the weather. It makes a difference."*

Some of these respondents were prepared to be very critical of the service that the bank provided. They did not want to feel obliged to deal with the bank because of habit and tradition. If the elements that they desired were not being provided, they would always be willing to move. *'No matter how good they were in the past, If they caused me problems I would leave'*. There was a distinct absence of a willingness to seek a solution. Therefore, a close relationship based on commitment and trust would be unlikely.

The type of relationship which was desired was based on making their banking experience as pleasant and efficient as possible. They believed that this required a relatively large amount of contact, although they were willing to use technology for simple services. Unsurprisingly, how they were treated, affected whether they saw the bank in a positive or negative light. It was important that they felt a sense of belonging and felt genuinely valued by the bank. Nevertheless, they expressed the view that this treatment would not encourage them to want a relationship. Any relationship would be of a relatively low level, particularly given the fact that from the consumer's point of view, it would not be seen as such. The best that the bank could achieve was positive interaction. This interaction could be long term, from which the bank would benefit, but not a relationship.

5.6.1 (c) Segment 3 Relationship Prone

There was evidence to suggest that a relatively large number of respondents were relationship prone. They did desire some type of relationship, albeit as has been shown, focused on individuals rather than the bank. Many of these did not believe that they currently had a relationship and expressed a positive desire for one.

These respondents actively sought more positive interaction with the bank through the medium of staff, than the other segments. Positive and close interactions were valued, where they could be achieved. At present this was difficult or impossible given their banking experience on a day to day basis. Consequently, they wanted to feel that they had a relationship sooner than the bank was offering and regretted that it was not always possible.

> *"Originally you knew the bank tellers or officials and you had some form of relationship with them, now you don't".*
> *"Some people just want to go in and talk and say hello....you should have the choice shouldn't you , if you want a personal contact?"*
>
> *"I do regret that they just want you in and out fast but it's their policy, but it's not a policy that I would have... I'd prefer to walk into a branch and be able to say hello to somebody, build up some type of relationship. It's my money so I'd like to be able to ask what's happening with it, and talk to somebody".*
>
> *"It's very important to try and establish a relationship with some staff member".*
>
> *"If you have a contact name you can build on it and eventually establish a relationship".*
>
> *"I would like a relationship. It would be nice to have somebody that you know in the bank".*

These quotes generally express the desire of participants to establish a relationship. In general they confirm that these relationships will be personally based. A personal relationship was desired, firstly to overcome the depersonalizing effect of technology and the anonymous nature of the banking institution. These respondents wanted contact and to feel involved. Secondly, they believed that there were many benefits which could flow from it. This was in sharp contrast to the first segment, who did not feel that benefits could arise and therefore did not desire a relationship.

> *"if you change banks and go to a new bank with no banking history, they are reluctant to advance anything to you. Certainly I find that as your relationship develops, then you become aware that while they can appear outwardly very rigid, they can be very flexible if they have a good knowledge of your banking history".*

> *"I did find that when I went to my bank, because of the relationship built up with the one guy, I could get a good deal. That relationship is important to me".*

> *"It's just common sense, if you have some sort of a relationship you will be looked after, if you don't you wont".*

> *"You have to have a relationship with someone in the bank, but other people don't".*

> *"Yes I would want a relationship. If you think about it you're entrusting your money. That's your hard earned money. You don't want to see it being squandered.... That's what I want real personal service".*

Indeed, many in this segment also expressed the desire for a relationship throughout the banking process, not just when the bank wanted to establish one.

> *"Some people want a relationship at a lower level, in terms of the bank making an effort".*

> *"O well we all would, the bank is a little two faced, whereas they are very offhand with you at one stage ,then they are very personal at the next stage".*

Therefore, among those who were inclined to attempt establish a relationship, most agreed that they wanted to feel it was possible at an early stage, not just when they wanted a mortgage, pension, or other similar services. In other words, they wanted a relationship across a range of products.

Because of the benefits that many respondents saw in a relationship, they generally expressed themselves as being willing to put up with some inconvenience due to the benefits that could accrue.

> *"you go into the bank and you don't mind waiting for ten or fifteen minutes, because you know them."*

Respondents in this category, were also less willing to use technology in their interaction with the bank. This was a common characteristic among segments two and three, but not the first segment. The difference between them, was that the second segment expressed the view that they would not want some type of relationship, while this segment did. A common attitude was that technology, and particularly phone banking, made personal contact, and hence personal relationships, more difficult.

> *"They don't say, come in and have a chat, all they say is ring this twenty four hour number. That's what they want. I can ring at three o'clock in the morning, but why would I be ringing at three in the morning".*

This is not to suggest that these respondents were anti technology per se, convenience through technology was still important. Most were willing to use phone banking and other services on a regular basis, but only for simple transactions. In essence, these respondents were unwilling to discuss complex products by phone, it must be face-to-face. Some were prepared to take things further, and did want contact for the entire range of services available from the bank.

> *"I don't do anything over the phone. I actually go in. I'm one of these people that likes to see it stamped. I like to see it happen".*

Despite differences in emphasis, these respondents were not prepared to use technology as a means of replacing personal contact, and hence personal relationships. Even though all respondents in this segment wanted a relationship, only a small number believed that they presently had some type of banking relationship. Instead of relationship development becoming easier for the majority of people who desired one, it was now more difficult because of decreasing personal interaction.

This section explored whether some respondents were more prone to relationship development than others. It was found that clear differences existed between respondents. Three distinct categorisations or segments were suggested. Some felt that they did not want any relationship, in any circumstances, either with the bank or staff. They desired a minimal amount of contact with the bank, as long as things went smoothly. Others did want more contact and interaction with the bank and staff in order to ensure that they had control over their finances and to get better treatment. They expressed the view that they did not want a relationship. A third and final group of respondents, who were large in number, did appear to be prone to developing relationships. Regular contact with staff within the bank was desired. They generally bemoaned the increasing trend towards depersonalisation and expressed the view that they were willing to establish a relationship to counteract this.

In summary, there was much evidence to suggest the existence of a continuum in retail banking, from those who were relationship averse, to those who were relationship prone. The characteristics of the three segments identified are outlined below. No significant demographic or usage characteristics were evident. As shown in Section 4.5.2, the sample chosen was relatively homogenous. All respondents used one of a range of complex financial services provided by banks, were of a similar social class and relatively narrow age range.

Relationship Segments

Segment	Relationship Propensity	Characteristics
1	Relationship Averse *"I don't have a relationship really. I go in cash a cheque, take the money and go. That's my relationship. That's how I like it"*	• Positively don't want a relationship with either bank or staff • Don't recognise that relationship benefits can accrue • Avoid contact with bank unless it's essential • Convenience and basic competence from bank very important • Willingness to use technology, even for more complex products
2	High contact/ Not want a relationship *"I don't want a relationship but it just adds to your comfort when your in there and someone says 'thank you very much', mentions your name and maybe something about the weather. It makes a difference."*	• Relatively large amount of personal contact desired • Recognition that personal contact has benefits. Not important to deal with the same person • Contact seen as a means of having someone accountable and decreasing problems • Responsive to being called by name if they feel a genuine effort is being made • Convenience is important, but unwilling to use technology for complex products • Would be unwilling to see themselves as ever being committed to any bank • Stated that they did not want a relationship
3	Relationship prone/ Want a relationship *"Some people just want to go in and talk and say hello....you should have the choice, shouldn't you, if you want a personal contact"*	• Stated that they did want a relationship, focused on staff. Often one individual • Wanted a large amount of personal contact. This contact was enjoyed per se. Regretted trend towards depersonalisation • Also recognised that there were huge benefits from personal contact • Wanted to feel that personal contact and hence a relationship was possible throughout the banking process. Not just for complex products • Happy to use technology for convenience when using simple services. Not willing to use phone banking and technology for complex services. Must be face to face

5.6.2 The Product Continuum

To explore whether consumers of retail banking products were more likely to enter into a relationship, depending on the type of transaction, and the complexity of financial service product being offered.

Findings from this section, unsurprisingly, closely mirrored the previous question. Respondents who were prone to developing relationships with employees of the bank, also felt that closer contact and personal relationships were more important for complex products such as pensions, life assurance, mortgages and investments. In general, they felt that it was vital to be able talk to someone who was qualified. It was important also that this contact was face-to-face. Many respondents who wanted a relationship, albeit with employees of the bank, said that it became more important at a later stage. These people were generally prone to attempt to form a relationship even when dealing with relatively simple transactions. Respondents who had previously indicated that they wanted a relationship said:

> *"I would like to see the manager or someone I know. It's very important when it comes to a mortgage".*
>
> *"Staff sometimes don't know what they are talking about with more difficult products and sometimes they dot have enough information so you have to go higher".*
>
> *"If you have a mortgage inquiry it's important that you don't end up dealing with a stranger. It has to be with someone who you have dealt with a lot in the past".*
>
> *"I think, with a pension, a more personal approach is justified... you need a very personal approach".*

Increased contact was not enough. The type of contact or relationship, was also seen by most as being important. This was because they did not fully understand what was involved. A relationship was seen as a means to overcome the difficulties involved in selecting an appropriate product when their knowledge of the area was sparse. The amount of money which was at stake when dealing with pensions, mortgages, investments, etc., led most respondents to feel that it was more important to trust, and have faith in the people who handled their financial affairs.

> *"I suppose you need a particular person for insurance policies. You are trying to get the best deal possible, that it will mature at the best time in your life. You need to have trust in the guy you are dealing with".*
>
> *"The type of relationship that you have is even more important when you want something like life assurance. I don't have a clue about life insurance, I have to rely on the person that is dealing with me to give me what's best for me. I think if you know them, and have dealt with them before it's much easier".*

"I had to get it right when I went for my mortgage, it was going to effect me for the rest of my life. I made damn sure that I was able to talk to someone I knew would do his best for me".

Similar sentiments were expressed by respondents who had previously stated that they did not want a relationship, but did want close contact with the bank (Segment 2). They believed that this was more important when dealing with mortgages etc.

"When I went for insurance I had to talk to someone and quiz him thoroughly, there was a lot more at stake".

"Convenience is important to me, but you can't afford to be in a hurry when you're looking for a pension. You have to sit them down".

"It's just common sense to spend more time with them to make sure that you get the best mortgage for yourself".

"Dealing with someone face-to-face makes things much easier, ... you just feel that you are more likely to get what you want".

Confirming the importance of personal contact and personal relationships, a large number of respondents would be less likely to use the phone for these products, compared with simple transactions such as checking balances.

"I would never get a pension over the phone, a loan maybe, but it's important to properly talk to someone person to person. It would be stupid to get a pension over the phone, you don't know what you are getting".

This was because most respondents felt that the contact that they had with the bank, had to be a lot closer, in order to get appropriate information to make a decision or check on the performance of a product. This could not be achieved over the phone.

For most people who desired, but did not have a relationship, it was possible to get by without one for simple services. However, they did confirm that it was more important for mortgages, pensions etc. than for simple transactions. Similarly, respondents who desired much personal contact, but said that they did not want a relationship, confirmed that this contact was more important for these products.

Trust in the bank was also deemed to be particularly important at this stage. While respondents may have used their bank for many years and have used them for a wide range of services, the reality was, that in the absence of trust, most were much more willing to seek independent advice and shop around. This was done because so much was at stake.

> *"I know people involved in life assurance...I'd listen to what the bank had to say, then I'd get advice. If the deal is no good I'd go elsewhere".*

> *"If I was looking for something, say life assurance, I'd get independent advice. Especially when it's something I know nothing about".*

> *"You can't afford to stay with the one bank. You have to shop around to get the best for you".*

If trust was present several said that the need to do this would diminish. Paradoxically, while most were more willing to establish a relationship, for complex products, in the absence of commitment, it was becoming more unlikely.

Notwithstanding this, for some respondents the type of product did not make a difference. These respondents were in Segment 1 which was identified in the previous question. These were relatively small in number. This was because as was shown in 5.4. they did not want a relationship, or much contact.

> *"It doesn't matter to me one way or the other, I have a mortgage from the bank. I got it because it was a good deal. I pay the money every month, that's all there is to it".*

It did not seem to be important to continually check on the status of the product or even for the bank to provide regular updates. These respondents did not particularly feel the need to become more involved with the bank when using complex products because they didn't believe that it did any good.

> *"I don't think it matters whether you talk to them or not, it won't make any difference. They can't do any more for you. If they felt that it was not a good deal then they shouldn't be selling those products in the first place".*

They were unwilling to trust any advice either from the bank or employees. This was not particularly important to them, because as has been shown, they were willing to look out for themselves and didn't expect the bank to do it for them. They were generally prepared to thoroughly check complex products before purchase, for example by getting independent advice, but they didn't feel the need to continually check on it.

> *"OK I did make sure that when I got a pension I got what I wanted, my brother-in-law knows something about it, but I've got it now, I don't exactly ring the bank up every month to see what's happening".*

In summary, while it was shown in the previous section that most people valued some type of a relationship, a greater need for a relationship was expressed when dealing with complex products. For some people who did not value a relationship, they type of product was irrelevant. However, there is much evidence to support the existence of a continuum based on the type of products being dealt with. A large number of respondents would be more willing to attempt to form a relationship for more complex products. Nevertheless, while the potential exists, due to the absence of the major dimensions of close relationships in their dealings with their bank, they are more likely to shop around for more complex products than to attempt to form a relationship.

The final chapter draws conclusions from the research findings under the major research questions It then compares them to previous studies and the literature reviewed in Chapters One and Two.

Chapter Six

Conclusions and Recommendations

6.1. Introduction

The nature of this study determined the most appropriate approach to take in order to gain an accurate insight into consumers' feelings about their relationships with their bank. The researcher believes that the research carried out and the analysis completed, generated a rich vein of responses which adequately answered the major research questions.

The results presented, due to their qualitative nature, were based on a relatively small number of respondents. The rationale for this has been dealt with in Chapter Four. As a result, the research findings do not attempt to generalise all responses to the wider population, in the traditional sense. As far as possible, the research, and the analysis of the research questions has allowed the theory emerge from the data, rather than allowing preconceived ideas to cloud judgment, and ignore ideas which do not fit into any particular category (Creswell 1994, Gordon and Langmaid 1988). Therefore, while recognising its lack of generalisability, it does offer some insights into the attitudes of consumers to their relationship with their bank and contributes to an understanding of the type of relationships which may be appropriate in retail banking. It may also serve as a basis for further discussion.

Although much has been written on the topic of relationship marketing and banking relationships, few authors have concentrated on how the consumer views these relationships. Instead, most of the literature in the area has espoused the development of marketing relationships as automatically being a good thing. This has generally been looked at from the firm's perspective, without exploring whether the consumer viewed the relationship as being appropriate, desirable, or even possible. This study which developed from a small number of authors questioning this stance, has attempted to gain a greater understanding into these relationships by asking the consumer directly about their interactions with their bank. This recognises that in order for a relationship to exist, it has to be mutually perceived to exist and be mutually beneficial (Czepiel 1990).

The conclusions of the study are presented with reference to the research questions being explored. Based on these conclusions a number of areas are highlighted for attention by retail banks, and recommendations are made for future academic researchers of consumer-bank relationships.

6.2 Research Conclusions

6.2.1 The State of Consumer Bank Relationships

It became clear as the research progressed, that retail bank consumers in the sample did not have close relationships with their bank as an institution. This was evidenced by the overall lack of the major dimensions of close, positive, interpersonal relationships and of the other dimensions of positive relationships, identified in the marketing sphere.

Trust in the bank as an institution was confined to a relatively basic level i.e. that their money would be safe. However, beyond this, there was very little trust that the bank could be depended upon to do the best for each consumer and look out for their best interests. It became apparent that for many interactions between the bank and the consumer, it was felt that they had no choice but to place some level of trust in the institution, but this was given reluctantly, and without confidence.

Many consumers stated that they were with their bank for a long period of time, some since they left school. This however, can not be seen as commitment to the bank as an institution. This long term patronage was based on the fact that they were locked in to the services that they received. This was because, either the products they had purchased did not allow them to easily switch, they received their salary through a certain bank, or there were no alternatives which offered the services that they required. These low levels of commitment were evidenced by a universal willingness to shop around for extra services. Even individuals who were relatively content to remain with their bank, did not express this as positive commitment. Their interaction with the bank may involve repeat purchasing but does not involve a major positive orientation towards the organisation. This conclusion was supported by Vantis (1996) and Barnes (1995) who highlighted the importance of a positive future intention to interact. As things presently stand, this is absent. Even though many consumers have used the same bank for a long period of time, this is, in effect 'spurious loyalty' which will mean that they will only use the services as long as it is beneficial to them. There is no positive intention to continue, therefore, it is not a relationship.

For most respondents, communication received from their bank was relatively poor. This was put down to the lack of personal contact and standardised procedures. When human contact was removed, the exercising of judgment and the ability to look at each case on its merits was lost. This was a major issue for most within the sample and reflected the importance that they placed on the personal element. If a personal element could be achieved, communication and therefore satisfaction with the bank, can be improved. This was not being adequately provided for at present because, either the counter staff were not trained to meet the wide range of consumer needs or were under too much pressure to be of assistance.

In general, there was an absence in the consumer-bank interaction of many factors previously identified as being necessary for relationship development (i.e. commitment, trust, provision of social support, interdependence etc.) Given this fact, it is unsurprising that there was universal agreement among consumers that no close relationship existed with their bank. The absence of a close relationship was put down to the depersonalisation of the banking process and negative past experiences. By keeping consumers at a distance, by continually encouraging them to use technology (even when many were wary of doing so), banks were seen to be accentuating the process. The bank was seen as an anonymous institution which was primarily interested in maximising its own wealth, rather than being interested in the welfare of its customers. This in turn could be seen as the major reason why a large number of consumers did not receive what they wanted from their bank. Some individuals were pleased with their return, but did not credit the bank as an institution for this. Overall the bank was viewed with suspicion by most, and with hostility by some. Due to this remoteness, even the small number who had neutral feelings did not feel that a positive relationship existed.

6.2.2 The Focus of Retail Banking Relationships

It was found also, that as well as most consumers believing that they did not have a relationship with their bank, they are also unwilling to believe that any type of close relationship is possible with a large banking institution. Any relationships which are developed in banking, will generally be seen to be personally based.

This can either be with one individual, or with several known contacts within the bank. This personal type of relationship has many benefits, which are not possible for most people without one. This is evidenced by the fact that individuals who have a personal relationship or contacts within the bank, are more willing to declare themselves content with their banking experience. Commitment, trust and other major elements of close relationships, were seen by most people to be focused in individual that they dealt with, rather than in the bank as an institution. Personal relationships will be seen as a buffer to protect the individual from the excesses of the bank itself.

Many authors suggested that the type of interaction determines whether a relationship is possible. This includes the frequency and nature of contact (Gronroos 1990; Barnes 1995b; Christy et. al 1996). However, because this frequency is declining and the nature of contact is becoming less personal, the findings confirm that relationships of this sort are becoming more unlikely in banking. This supports Stone and Laurie (1996) who stated, that as things presently stand, relationships are difficult to achieve with counter staff, due to their lack of training and time to deal individually with consumers. It was shown that in effect, it was a matter of luck rather than a policy of the bank to target higher net worth individuals, as to whether they were able to establish a relationship with some staff member.

Nevertheless, the findings also suggest that positive interactions with staff over a prolonged period of time may have benefits for the bank itself. Consumers will be more willing to use a wider range of services and consequently, the bank will receive a greater percentage of their financial services spend. There may be greater potential for more positive interaction with the bank if the customer can deal with several individuals. However, it was clear also, that many would still be willing to shop around and that any positive interaction with staff would not be seen as a relationship with the bank itself.

These findings support the view that it is difficult for an individual to have a relationship with any large organisation because it is difficult to relate to them (Takala and Uusitalo 1996, Barnes 1995). Therefore, the type of relationship, when one is present, will be similar to a personal or social relationship. Thus, the importance of personal interaction and the fact that a customer may be committed to, and feel a bond for people within the company, without feeling this for the company as a whole, as identified by Strandvik and Liljander (1994) has been confirmed.

In order to recognise this, it can be concluded that the success of any banking institution in meeting the aspirations of consumers regarding relationship development, is directly related to the quality of personal contact received, for those who desire it. This calls into question some of the literature, which sees relationship development as being based on direct marketing or sales techniques (Rapp and Collins 1990, Copulsky and Wolfe 1990). These involve little personal contact and due to the remoteness of the process, consumers do not see this as a relationship. Indeed, some sales techniques were resented by consumers and seen as insincere and pushy.

6.2.3 Important Elements of Consumer Bank Relationships

The dimensions which consumers view to be important to relationship development in a banking setting, followed closely the dimensions of close interpersonal relationships. They were similar also to the factors identified by other authors in a marketing setting for example, Morgan and Hunt (1994) (industrial marketing) and Ganeson (1994), although they had a different emphasis. Again it was evident that because of the fact that consumers would see their relationship to be with individuals, any relationship which was believed to exist because of the presence of these dimensions, would be with staff rather than the bank.

One of the most important dimensions for most consumers, was social support. People wanted to feel that they were valued and appreciated as customers, and to feel a sense of belonging. It was important that genuine interest was shown in them, rather than feeling that they were constantly being targeted by sales techniques dressed up as customer service.

The quality of service and basic competence, were also deemed to be important, as was privacy and confidentiality. Service quality had previously been seen as important by Lewis (1994). It was essential also, to increase the quality of communication at the basic customer interface, which was deemed to be poor. If communication from the consumers' perspective improved, then they would show themselves to be more understanding of the banks' position. This is in agreement with Heide and John (1992) and Martin and Sohi (1993).

Finally, commitment and trust, which had previously been highlighted by Morgan and Hunt (1994) in and industrial setting, have been confirmed to play a large part in whether a relationship is possible. It is essential in this regard, that consumers feel that they are being rewarded for the long term custom that they have provided for their bank. If they feel that the bank is willing to recognise this, then a relationship may be more likely. It was evident that when consumers were talking about their relationship with bank staff, they felt that commitment was present on both sides. This was in direct contrast to their feelings about the banking institution.

Similarly, given the large amount of money invested, it was deemed to be important to be able to trust the bank, or individuals within the bank, to not only look after their money, but to go beyond that, and to have faith they it was being used in the most efficient manner possible. In effect, this represents the fiduciary responsibility outlined by Mc Kechnie (1992). These elements taken together play a large part in whether a relationship is present or possible, in banking.

6.2.4 The Relationship Marketing Continuum

6.2.4 (a) Do Consumers Want a Relationship?

Having shown that personal contact was essential for a relationship to exist, it was concluded that some differences exist regarding whether consumers wanted a relationship or not. A large number did want some type of relationship based on regular interaction with bank staff. They were prone to relationship development and would positively seek one. This was done, not only for the benefits which could be achieved from relationship development, but also because they felt comfortable with it. Others were willing to seek some lower type of a relationship based on personal contact. However, they were generally motivated by the benefits that they could achieve from it, rather than a positive desire for relationship development. A final group were unwilling to attempt to establish any type of a relationship because either, they did not feel that any benefits were possible form a relationship, and/or, they did not value personal contact in a banking situation.

These distinct groups do suggest the existence of a continuum in banking, between those who are prone to relationship development, and those at the opposite end of the continuum, who are averse to any type of a relationship (Gronroos 1991; Barnes 1995; Christy et. al 1996). These findings go a stage further to suggest that distinct segments exist in banking, based on the level of relationship desired by consumers. The study identifies three broad segments which are related to these relationship aspirations, and which have not been previously explored.

Despite the fact that at present no relationship exists for a large majority of people, the finding that most would want one, supports several authors who have suggested that relationships were likely to be desired in banking. The nature of the banking process meant that the consumer had to rely on, or trust in the bank delivering the service (Howcroft and Beckett 1996; Kinsella 1995a:11; Christy et. al 1996; Stone and Laurie 1996).

However, few have explored whether a relationship was actually present. It was found that it was not. This has not come across in previous literature. In general, it was either taken for granted, or ignored by most authors. This it seems, was a direct result of the lack of emphasis on the consumers' perspective. Similarly, this lack of consumer orientation may have led many authors to assume that any relationship would be with the institution rather than its staff.

6.2.4 (b) The Type of Product and Relationship Development

Relationships based on personal contact were deemed to be more important for more complex products, where uncertainty and risk were high. This confirms the findings of previous authors (Easingwood and Storey 1996; Howcroft and Beckett 1993; Barnes 1995).

The findings cast some doubt on the claim that most consumers will receive banking services through telephone or home banking (Deloitte and Touche 1995), particularly given the importance of personal interaction. Instead, it supports the view that it is essential to retain this interaction for those who want it, as it forms the base from which a relationship can be developed (Thwaites and Vere 1995:134). For a large number, home and telephone banking may be more suitable for standardised, low advice products. The findings point to the fact that a relationship may be more important for products such as pensions and life assurance, rather than for loans and deposits, as it allows consumers to become more involved in the process and provides some reassurance that their needs are being looked after efficiently. Many consumers went further and believe that it is important to have personal contact throughout the process, not just at a later stage, which the bank is offering.

For some individuals who are averse to relationship development at any level, the type of product may make no difference.

6.3 Implications of Findings

While recognising that the findings of the study are based on a relatively small sample, many insights have been gained into how consumers view their interaction with their bank. Based on the conclusions outlined, it is possible to make a number of recommendations for banking institutions, and for future researchers of the area.

Given the importance of personal contact and personal relationships, it would seem essential that the major role that front line, counter staff play, is fully recognised. Employees have been identified as 'the' major determinant of relationship development and therefore, long-term competitive advantage. It may be beneficial to introduce improved training and better conditions for these front line employees, which goes against the trends in banking in recent years. Cheaper prices can be matched elsewhere, however, relationships based on employees may ensure not just long term patronage, but long term commitment, which will be immune to competitors advances.

This commitment and trust etc, may be focused on one, or several individual employees, not the bank. However, if its employees are made content to remain with the bank, it will ultimately benefit from their relationships with consumers. It is recognised that it is not possible to establish relationships with all consumers, nevertheless, those who want to should be facilitated as much as possible. This may achieved at it's simplest level, by providing employees with appropriate resources and information to deal individually with each customer, even though they might not be known individually. In effect, this would be a personal touch which is backed up by information through technology.

Implementing a more personal approach may be a huge task given the unrelenting move towards more efficient technology. Nevertheless, the findings support the view that the two elements may not necessarily be mutually exclusive (Howcroft and Beckett 1993). Most consumers have shown themselves to be willing to use technology to increase convenience for relatively simple products. Indeed many people will be willing to use technology for all products. The challenge is to cater to those who continue to want and expect a personal dimension.

6.4 Recommendations for Further Research

The qualitative and exploratory nature of the research, suggested that it was always going to give rise to as many questions as it attempted to answer, and indeed it has. Nevertheless, the author believes that is has contributed to a clearer understanding of firm-customer relationships in general, and retail banking relationships in particular. In doing so it has highlighted a dimension i.e. the consumer's perspective, which has been neglected in many previous studies. The complexities of relationships are such, that it would be impossible to attempt to understand them in their entirety. But it does provide a basis for further exploration and analysis.

Future analysis may take several forms. Firstly, it would be desirable to extend the scope of any future study, in order to test the generalisability of the findings to different firm-customer settings. In particular, it could be explored in more detail, whether consumers believe that some types of organisations may have more potential for relationship development than others. This has been looked at in terms of nature of the interaction, however, it has been lacking regarding the type of organisation per se e.g. bank V department store. Also, the possibility exists to explore the differences between the potential for relationships with banks, which was high, and the reality for most consumers, which was low.

Given the nature of the study and the relatively small sample size, it would be desirable also, to empirically test many of the findings through quantitative analysis, including the weighting of the important dimensions of banking relationships. Similarly, in order for banking institutions to more accurately target relationship prone consumers, the size and range of the segments identified would need to be confirmed and measured. This study attempted only to suggest their existence.

Finally exploration would also be recommended into the potential for relationships to be transferred to the institution, through personal contact. The study confirmed that the consumer's view of the bank would be enhanced, however, a clearer insight into the strength of this enhanced view and its affects on long term commitment to the banking institution, would be beneficial. While recognising the study's limitations through it's scope and size (due to resource constraints), it is hoped that it has expanded knowledge in the area of consumer-bank relationships and has provided an important basis for future research.

In summary, the study confirms that for most in the sample, relationships are important. The findings go further however, to suggest that personal contact is still, and will continue to be, the major focus of relationships which develop in banking. This was absent from most of the literature. It confirms that while many consumers use the bank for many services, they do not have a relationship with it. This is manifested in their willingness to switch banks and shop around for extra products when the opportunity presents itself.

Consequently, the research implies that it is essential for banking institutions to recognise that a personal element is essential for relationship development, and to attempt to implement strategies which will develop relationships based on the consumers perception of a relationship, not theirs. For organisations who do not achieve this, the future may be one in which the basis of competition is on price, short-term differentiation of products, or immediate one off deals, rather than on long-term commitment and a willingness to remain with the one financial service supplier.

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Appendices

Appendix A

Focus Group Screening Questionnaire

Name: ______________________ Phone: ______________________

Address:

____

____

Hello, my name is _______ I'm doing research for a masters degree in Dublin Institute of Technology about relationships between customers and their bank. I am recruiting participants for a discussion about this topic. I wonder would it be possible to ask you a few questions.

Q1. What is your occupation ? (please be specific)

Q2. Which of the following age categories do you fit into ? (read list)

Under 25	❑	*terminate*
25-40	❑	**continue**
40 and Older.	❑	*terminate*

Q3. What is your marital status ?

Married	❑	**continue**
Single	❑	*terminate*

Q4. Do you have children ?

Yes	❑	**continue**
No	❑	**continue**

Q5. Do you have a bank account ?

Yes	❑	**continue**
No	❑	*terminate*

Q6. Do you use any of the following specific financial services provided by banks?

Life Assurance
Pension
Investments
Mortgage
Financial advice

Yes	❑	**continue** (specify which products)
No	❑	*terminate*

Q7. Have you ever participated in a group discussion in the past ?

Yes	❑	*terminate*
No	❑	**continue**

Q8. Sex (by observation)

Male	❑
Female	❑

I will soon be organising group discussions between bank customers about their relationships with their bank. Would you be willing to participate in one of the groups ? (mention potential times available and inquire about the most convenient times and locations). I will get back to you with a time and date.

Convenient Time and Date:____________________________________

Category:

Group 1 Married women with no children.	**Group 2** Married men with no children.
Group 3 Married women with children.	**Group 4** Married men with children.

Appendix B

Moderators Outline

Introduction to Panelists:

Welcome participants, make them feel at ease. Check screening specifications. As participants arrive they are asked the screening questions to ensure they meet the criteria.

Discussion guidelines:

(a) Confidentiality and tape recording-

- Mention that the discussion will be recorded but that anything said will be totally confidential. It is the comments in general that are being sought, who said them is not important.
- Try and forget about the tapes they are only an aid to enable the researcher to analyse the discussion.

(b) Encourage free speech -

- This is a discussion not an interview. Feel free to speak whenever you want. Don't wait to be asked.
- Everyone's opinion is wanted. Say what you really feel not what you think the "average" person would think. There is no such thing as a wrong answer. Don't assume anything is unimportant no matter how small.

- Besides saying what you feel, don't hesitate to disagree with someone else even if you think it's a small point. It may be important to me. We're not here to arrive at a consensus, just to gain as wide a range of opinions as possible.

(c) Speak one at a time.

- Stress that because the discussion is being taped it is important for one person to speak at a time. Mention that if several people have something to say, someone may be asked to hold a minute but their opinion will be sought. Don't forget what you were going to say, but say it when you get a chance.

(d) Time.

- Confirm that the discussion will last about one hour and fifteen minutes and that every effort will be made to adhere to this. Stress that it is important for everyone to stay until the end

(e) Clarifications.

- Ask if there are any clarifications or questions about the discussion before commencing.

(f) Outline the background to the study.

- Mention that group research is being done as part of a masters degree. Interested in peoples perceptions of their relationship with their bank.

(g) Introduction of participants.

- Move through the group and get everyone to introduce themselves. First name, occupation no of children etc.

(h) Begin Discussion.

Questioning Route.

How do you feel towards banks in general?
Could you outline positive and negative feelings ?
What are the reasons for these feelings ?

Describe how you perceive your dealings with your own bank.

Probe for individual experiences.
Are there situations where you enjoy or don't enjoy dealing with your bank?

Could you outline the important things which affect how **you view your bank?**
What do you want from your bank?
Probes:
Intangible factors

Do they cater fully to your needs?
Are they genuinely interested in you?
Do they listen to you ?
Are they good at being sympathetic to your problems?
How do they communicate with you? Is it two sided?

Can you **depend** and **rely** on them when you have a problem?

Do you trust your bank?
What level of trust do you have?
Probe:
Big things. Is your money safe?

Is it important to trust them?

Are you committed to your bank?
Do you want to switch banks? Will you remain with them long term?

Can you change?
Does the cost and difficulty involved in switching to another bank prevent you from doing so?
Would you consider yourself a loyal customer?

Do you feel close to your bank ?
Do you think that it is important that they are committed to you as a customer ?

Would you describe your dealings with your bank as a relationship?

Are there any situations where you would want a relationship? Do you want a relationship ?
Probe differences between individuals.
If yes, why? If no, why not?

What type of a relationship would you want?
Do the bank want to establish a relationship with you? At what stage?

Describe the effect that personal contact with staff has on your dealings with your bank.

Probe:
How happy are you using technology to deal with your bank?

What are your attitudes to direct banking via telephone e.g. First Direct, home banking using PC's, ATM's, internet banking.?

How important is it to deal with the same individual member of staff in the development of a relationship with your bank?
Probe: Bank manager, counter staff.

Do you think that a relationship is possible with the bank itself ?

Can you develop a relationship with your bank over time if you receive personalised attention but not always from the same individual?

Do you take a different approach to dealing with your bank when you are using simple services such as withdrawing cash and using other services such as pensions, investments, life assurance, financial advice?

Probe:
These products may involve more risk and more time spent assessing options.

Do people feel that for some of these products a more personal approach is preferred ?

Would you be more likely to visit a branch for these items?

Are you more likely to attempt to purchase these items form the bank that you currently deal with or would you prefer to shop around?

When you are looking for life assurance, pensions, financial advice or financial investments do you think there is a greater chance of a relationship developing with your bank compared with items such as loans and deposits?

At what stage do you think a relationship is more likely? i.e. Could you name individual products or services?

Probe for differences in attitudes between individuals.
What can banks do to improve things?

Summing up: Briefly summarise the main points arrived at in the course of the discussion. Ask if the summary is correct and whether anything has been left out. Ask if anyone has any further points to make which had not been covered in the discussion.

Appendix C

Example of a matrix used to aid analysis

Presence/absence of Dimensions of Interpersonal Relationships			
Dimensions of interpersonal relationships	**Strength (1-5)**	Key points	Major Themes
Interdependence	**2**	*Long term patronage*. Many with bank for a number of years (4) (137) (158) Depend to certain extent, but they feel locked in (122) need to rely on them in a difficult period (156) "Very necessary", (65) Keep your money safe (136) Dependence only from consumers side They don't need you (184)	(Consumer depends on bank for basic needs (Dependence seen as one sided
Genuine interest and willingness to reciprocate	**1**	*Interest is insincere* "friendly when they want to become friendly" (52) (60) (143) (199) (189) (169) Genuinely friendly but through staff (3) See you as a way of making money (61, 62) (186) just pretence (141) (144) (166) continually pushing products (62) (143) (179) *Opportunistic behaviour* Wont look out for your best interest Better deals available, but you have to be forceful, aggressive (61) (54) (72) (75) (77) (99) (102) (177) (181) Wont tell you if you don't query (123) Often quote higher price than is available (181) *Not recroprical* Don't appreciate you as a customer (36) (77) (126, 127) (128)+ "They are charging you to lodge your money in their bank" (38) "screwing us" (39) Fight them on charges power struggle between both parties(76) Convenience if you <u>use them</u> in the right way (40)	(Power Struggle: both parties working against each other to get the best for themselves (Have to be forceful to get satisfaction (Consumer aggrieved at perception of imbalanced exchange (Feeling unappreciated (Bank not looking out for consumers best interest
Commitment	**1**	Locked in cant leave. (7) (26) (29) (72) (78, 79) (122) No genuine alternative to bank with full range of services (36) (30) Many with bank for one reason or one service(70) (84) -follow person. Use many banks. pick and choose which services to use (88) (89) (123) Prepared to leave if not satisfied (26-30) (43) (137) "as loyal as they are to me" have been good so far but would change if there was a problem. (137) Loyalty from bank (138-9), through person. (176) but loyalty from bank itself seen to be missing (157) Committed to person in bank rather than bank itself (138) Level of commitment: try them first (126) Some satisfied with bank but still look around. "Go there first but not loyal" (57) (58) (31) (196-7) Shop around for best deal (52, 53) (56) (123) (157) (176) (181) Many see their bank as differentiated from others "my bank is different" (3) (5) (7) willingness to sacrifice e.g. lack of ATM's (31) (35)accept segregation (15) Some may be willing to sacrifice e.g. convenience if bank is good. <u>but</u> still absence of commitment	(More discerning, more willing to shop around for best deal (Feeling trapped, locked in, cant leave (Relatively low levels of commitment- Try that bank first for extra services but not obliged (Some differentiation and realisation that their bank is different but prepared to leave if satisfaction is not forthcoming
Empathy and mutual respect, understanding of others position	**3**	Sympathy, staff too much work, not trained (16) Banks are very necessary, operate in a "controlled environment" (65)(136) Realise they have to make a profit (65) (68) (69) but believe that they make excessive profits (66) (135)	(Some understanding by consumer of banks position and that they are necessary, but abusing their position

(contd)

Empathy (contd)		Charges are excessive but some realisation that charges are can be minimised (107) More empathy other institutions e.g. credit union (96)	(Goals unsimilar
Two way Communication	2	*Listening* Would like to listen but no time. (16) Many problems "money never leaves account on time (7) (62) (98) Often have to deal with many people to sort it out (19) (104) (145) Bank's do make some effort to resolve problems: (169) Often if you go higher up you will get satisfaction (8) Make case will listen (97) Can be flexible (72) Communieation poor partieularly with regard to notice of bank charges (20) (36) (38) (170) Too quick to send letters (chastise) without checking with individual first (103) (105) (139) (171- 174) Generic computer generated letters cause many gricvances. Wont tell you how to save money (77) (61) (54) (102) (123) (177-78) (181) Communication generally only when there is a problem (139) (169)	(Communication poor at basic customer interface Counter staff don't have time, not trained to listen. (Relatively good at problem solving if case is taken higher (Problems with standardisation of procedures leading to lack of individual eommunication (Poor notice of charges and communication of best deals
Trust (Predictability, dependability, faith)	2	Complete lack of trust (119) (125) Have to keep checking (21, 22) (38) (114 -116) (118) (139) (148) Givc charges dcliberately (corporate policy) (120, 121) Bad experiences (23) (25) Many mistakes not seen as deliberate, just don't trust technology (150) Some faith that problems would get sorted (22) Others have no faith, "you have to look out for yourself, bank wont" (25) (115) No faith they will educate people re charges (108) Cant depend on them to give you best deal (157) Depend on cr union more (155) (156) *Level of trust* Trust in a business sense but not strong, *separation from personal trust* (22) Trust in person not bank (120) (164) (177) (200) Low lcvels of trust Trust them to a point (116) Money will be there when you want it/ They commercially viable(117) (152) (193) Absence of trust in financial advice invest money, not seen as independent (49) (117) (153) (196-7)Wont give you best deal they can (154), pension (133) (131)- felt he was pulling the wool over my eyes Trust is stronger in other institutions, bank has lost it. (23) (155) *Fulfillment of promises:* Fiduciary responsibility Implicit trust, no choice (119) (151) (153) (197) Cant rely on promises (7) Too many mistakes (80) (119) (149)	(Lack of major levels of trust due to past experiences (Have to look out for yourself, bank wont (Trust other institutions more (Some trust at a basic level, have to incertain situations but reluctant (Absence of trust re; independence of financial advice (All linked to personal contact, people with personal relationships mention trust etc., Trust in bank absent
Provision of Social Support similar goals (reducing anon nature)	1	*Don't want to know you* (140) (154) When using basic services you are seen as a hindrance (87) (140) (142) Want you to keep at a distance (89) Feeling inferior, uncomfortable: (42) (182) (185)(201) Bank is not interested in small individuals (14) (129) Bank not! person maybe. (93, 94, 96) Personal relationships: increase social support technology is moving away from that Less opportunity (81) (89) (144) some know you (3)	(Depersonalisation and use of technology has decreased social support (Feelings of inferiority, banks too big and not personal enough (Present in staff relationships but absent from bank-corporate

Appendix D
Transcripts of Four Focus Groups

Focus Group 1

Could I just begin by asking what your feelings are towards banks in general ignoring your own bank for a moment? Has anyone any positive or negative feelings towards banks?

The staff have airs and graces about them.

Do you think that it's like that with all banks?

I do yes, there all the same.

Does anyone else agree with that?

Well I'd have to say that they're very nice in my bank.

Is it just your bank?

Well I've changed my account from one bank to another. In the bank that I was in I felt that they weren't very nice. They didn't know me. After ten years they just didn't know me and I felt that, that was ridiculous. I'm with the other bank three years and they know me now by name. I must say now that my bank is much friendlier.

Does anyone else feel that about staff or are there any major points in their dealings with their bank?

Well I don't really like banks. Well it's hard to explain. When I was getting married two years ago I had an investment account with the bank. It was opened for me when I was a child and I had being saving regularly for 25 or 26 years and when we were getting married everything had to be paid by cheque and I hadn't got a cheque book so we told the bank that we were getting married in 6 or 8 months. We had a lot of money saved in this account. I told them I needed the money changed from investment to current account. They said we needed more notice. I took all my money out and went to another bank. They knew me from going in and out and they said grand no problem. They rang my employer up and I got a chequebook straight away.

So you are saying they are not all the same?

No they are completely, completely different. This was a bank I was with for 25 years and they still would give me a chequebook. I'll be married in four months it's no good to me in six months. They said that we can't bend our rules.

So they weren't catering to you as an individual, it was just rules.

No they weren't, their rules couldn't be broken. I told them that I work in a solicitors office and I could get my employers to ring up I had been working there for nine years at the time, but they said no.

Does anyone else feel that banks don't treat them as an individual and that rules cant be broken?

Well I believe that there are differences between all the banks. When I was in college I got a grant for my first year. It was never in on time. I changed in my second year and that was even worse. I'm still with them, they just screw up my mortgage completely. I have a mortgage with a building society and the money never leaves my account on time. Time after time my mortgage company asks where is the money. Sometimes they say they don't know where it is. I have invested with other banks and there are differences between them. But I'm stuck with that bank.

Can anyone else tell me of your experience in dealing with your own bank?

Well from my own experience, things are a lot better if you actually talk to the bank. If you want something done and you want it done in such a way it really helps to talk to the staff. It's good to ask to speak to such and such usually the manager. They usually say ok we will see what we can do about it. You can explain your case and generally the higher up you go and the more relevant you make your case to them the better it is. Lower down the members of staff have to follow the rules. Higher up they don't have to follow the rules, they can make decisions based on their assessment of the situation.

So are you saying front line staff are not empowered to make decisions?

Well they have to follow rules particularly with regard to mortgages and the like. And if you say well I think I could get a bigger mortgage then they are more flexible about it. I have found that in my own case. I have been refused by front people and after ringing up it was fine.

Do you feel then that the personal element is important?

Yes I do very much so. I don't think some staff are very snobby they just have a role to play. If you cant get what you want from one person then you just go to someone else.

So do you think that the individual you talk to is important, in other words is it important to talk to the same person every time?

Yes it is unless there not giving you what you want. Of course its important they know your needs after a period of time.

Do you find that they cater for you in that department. Is the personal element difficult to achieve?

No I think that if you have someone's name you can leave a message and wait until they are free. It's important. There's no point in starting from scratch with someone new.

Does anyone else think that the personal element is important?

O yes definitely. It's very important to try and form a relationship with some staff member.

You mentioned relationship. Is this relationship with the member of staff rather than the bank?

Yes, generally If you know the persons name you can build a relationship and if you want certain things then they will be more likely to help you and if they cant they will put you in contact with someone who will.
(Other person) Yes but it's who you are as well. If you are a well known person and you have plenty of money you will get on very well with that bank and they will love to see you coming but if you are an ordinary Joe Soap coming in off the street they don't want to know. You know how some of the banks have different Q's for lodgements and for cheque cashments. Obviously the person who is cashing the cheque is working in a factory. The bank doesn't see that as being an important person because they don't have that much money. The person lodging is generally a businessman who will generate a lot of money. I think that people realise that they are being segregated according to interested the bank is in them.
Has anyone else noticed that?
I would actually prefer segregation because there is nothing as bad as a business man going in ahead of me changing money and lodging different things when you are there with one cheque or one transaction when this person is taking fifteen or twenty minutes. I like some segregation despite the fact that they might treat you differently. It works both ways.
There are just a couple of specific areas that I would like to concentrate on?
Do you think they actually listen to you when you have a problem?
It depends, a lot of staff are not trained properly. I think they would like to listen. A lot of the time they are too busy. There are just too many people there and you are coming in with your problem they just don't have time.
Does anyone think that they listen or not?
Well one incident that I heard that was particularly embarrassing was when someone wanted to get an extension on their mortgage. She was made to discuss it at the counter. It was appalling and indeed she didn't realise how appalling it was until she left. Then she actually rang the manager to say what had happened that she was made to discuss things at the counter. The manager was very very apologetic.
But was it too late at that stage?
Well it was. When you are in a position to get your business done you don't want to discuss it in public. That is very bad form.
And are banks generally good at communicating with you? In other words do you only hear from them when there is a problem or do you think they communicate well?
I don't think they communicate well at all. When I wanted to reduce the amount in an investment account and put some money in a shorter-term savings account I wanted to talk to someone about what the best way to deal with it was .I had to keep filling out forms. But I had to go back time after time after time and talk to several different people but I still felt I wasn't getting proper advice. Eventually I asked to have a word with the bank manager but I was charged £5. (Big Laugh) I told them I'm not paying £5 I said I'm a customer for years and because of your incompetence I have to pay you money. I couldn't believe it. I refused point blank to pay for it.
Did anyone else have a similar experience?
I had a similar experience, which was one of the reasons that I left my old bank. I rang up I had to get a eopy of a bank statement and it came on three A4 sheets and there was a small amount of information on it. The three could easily have been on one A4 sheet and they charged me £18 for the three A4 sheets on my bank statement. I rang the bank and said, this is ridiculous you charged me £18 for three pages. They said there is a standard charge of £6 a page. I said, if you had told me that when I rang I would never have ordered it. That's why I really got angry. They had said no problem I'll send that out to you. If they had said it's going to cost you £6 a page there is no way I would have got it. They just didn't mention it.
There was a lack of communication on their part then?
Yes certainly.
There are just another couple of areas that I want to cover. Does anyone feel that they actually trust their bank?
(Lots of laughing) No No. You have to keep checking. I would never trust my bank. You have to keep making sure that you are not being charged for things that you didn't get. You have to make sure that you get what you are entitled to.
Is there any agreement with that? Yes
Would anyone trust their bank to do the right thing by you as a customer?
Well I think it's important to keep checking your bank statement. It's common sense. Sometimes there seem to be charges which are spurious or that you cant explain and I've left a bank because of that. But I suppose I would trust my new bank in a sense because it's smaller and if I'm not satisfied I can take my case higher and I'm sure it would get sorted out
But is Trust a word you would generally use to describe your dealings with your bank?
Well I suppose trust in a business sense maybe but only the same as with your solicitor or doctor but it only goes so far. I think in this day and age people are just more wary. I think people are more informed. Well I know I am anyway. I'm more informed and therefore I don't trust anybody.
(Other person) I would be more inclined to trust the credit union.
(First person) Because it's made up from people from the community.

I would trust the credit union and the people in it but the bank have lost it. For example a statement of my father's was found on the ground behind a local supermarket. He had asked for one lately. He never received it and a friend of his had actually found on the ground near the bank. I certainly wouldn't trust them with anything

My parents were actually debited a lot of money that they didn't actually spend. They were lucky that they coped it on their statement. A lot of people don't do that. They showed it to the bank and they said that they do apologise, but nothing would have been done if they hadn't complained.

(Noise, Laughing)

But did she get back the money?

O she got back the money but only after she questioned it. She said I didn't take this money out of my account.

So you are saying that you cant really rely on them.

No not at all, (others) No, No Money was taken out twice in the one month from my account.

OK Leading on from that, I know many of you have had bad experiences, but would anyone say at the moment are you committed to your bank.

No, No, I would, (Someone else)Well I have a mortgage with them and I feel I cant leave them. Well I don't think that I can, I'm not sure.

So do you feel locked in and it's not your choice to be with them?

Yes, Well I think I would move maybe. Yes definitely.

So the switching costs and hassle of moving.....

Yeah the cost of changing would be a lot.

Does anyone else feel locked into your bank?

Well yes I suppose I am really. My husband's wages are paid into the account. Therefore all our bank services have to be with the same branch. Whereas if I could I would take all my money out of banks I would put it under the mattress. I would, I really don't like banks for anything at all. I maybe would put it in the credit union. If they opened a hole in the wall tomorrow I'd go straight down.

(other person) They have! I'd go although they don't have the full range of banking services. services. If they developed those services I'd go.

So your not committed to the bank your with?

I'm not committed to any bank really to be honest with you. I have had bad experiences throughout the years. I just don't like banks at all. I haven't got my mortgage with the bank they have got the worst interest rates going for mortgages. For a lot of services I don't think they have the best rates.

Miriam, did I hear you say that you might be committed to your bank?

What do you mean by committed?

You are happy with their services; you're not looking to switch at the moment?

Well I am happy at the moment they provide a good service. They provide interest free banking. The bank I was with you had to be in £100 credit to get this. With this bank you only have to be a penny in credit. I'm am not paying any charges at present so I would say I am quite happy to remain there yes.

(other person) I think I am quite happy for the same reasons. I get free banking when I am in credit and even when I am overdrawn I get notice when the charges start. You just make sure that you don't. They don't have many ATM machines in the centre of town because they are a small bank so you loose out in this regard. So you have to ring them to find out the balance sometimes. But they are going to grow I'm sure because they provide good services.

So you are pretty happy?

O yes I'd say I'm very happy. There have been a couple of hi-cups but they have been dealt with. I must say that I have moved back to Ireland after a couple of years and I found the service very bad. *(I found that in England)* I couldn't believe that you couldn't go to the bank at any time of the day, the hours are so restrictive, they close at lunchtime. I found that difficult I also found service bad. In England once you had accreditation you were acceptable.

Are there any other things about your bank that affects how you view them? For example, decor , layout. Is it important does it matter?

I think it does, you cant discuss anything, even to talk at your normal voice. Everyone can hear you. I think that's terrible. It's totally impersonal.

Does anyone else feel that or does it even matter about the layout

I think that it's not all that important as long as you can get your business done as quickly as possible and get out

(other person) One thing that I did notice was that in one or two of the banks around town had those what do you call them, the glass shutters. they used to have those in the bank and I think it's much better that they don't have those now. I think it was for security reasons and at least now you can talk to someone face to face.

How important is convenience in terms of physical location?

It is important, my bank is small compared to the main banks, the branches are not as wide spread as other ones but it's something I put up with.

I know we covered this already to a certain degree but how important are bank charges? Are they important to you Aileen?

I know I haven't said much at all up to this point but what I think is that all of us actually do them a favour by banking with them and they don't seem to appreciate that. They think they are doing us a favour. For that reason I would prefer not to have anything to do with banks at all even though I have to. I think that they make millions of pounds a year. Their charges are not explained beforehand. You finally get a piece of paper and your wondering how did I incur this. What was the question?.

Bank charges

Yes well I know I lost my card recently. I got a card and I also got a statement which I didn't ask for £15. It wasn't very clear whether the statement was for a new bank card. I just wasn't sure what it was for. I had free banking for 18 months so I wasn't used to getting things like this. I must get the names of some of your banks (laugh)

So bank charges are important?

Yes, that was one of the reasons why I left my other bank I was paying ridiculous amounts of money. I just had to put an end to it. It was £60 a quarter. £250 a year no problem was swallowed up. I know from work that huge bank charges appear on your statement. They actually charge you when you are lodging money. If you lodge £5000 then they charge you money per £100 to lodge it. It's ridiculous. they don't just charge you one figure they charge you per unit that you are lodging. If lodge cash they charge you more. They are charging you money to lodge your money in their bank.

(Other person) Yeah that's ridiculous. I remember coming back to Ireland and lodging money into my current account, obviously I went below the bracket and my statement showed this charge. I went in and I said what's this charge for. I said I wasn't told about this charge and you could have notified me about this in advance instead of just landing them on my statement. I introduced myself and said I'm coming back after seven years. I've got all these charges. that's ridiculous. She said that were only charging you a tiny amount. But that's not the point. They don't bother telling you. You only know it form your statement. You have to be cute enough to make sure you keep records and that you cross everything off your statement.

So you feel it's important to keep your own records and cross them off your bank statement?

Yes

There are just another couple of specific areas. I just want to ask, would you describe your dealings with your bank as an actual relationship? (There's a lot of laughing there) Would a relationship come to mind?

No definitely There's no way I would (Noise) Because I know they are cleaning up, they are screwing us big time.

Does anyone else feel that?

No not a relationship. I think they are a convenience. They can be a convenience if you use them the right way, if you find out about all the services and use the ones that suit you. When it comes to mortgages and stuff I have mine from the bank because they know me, they are useful. That's what they are there for but I don't feel close to them. (Unclear) But no I wouldn't have a relationship with them.

Did I hear you say that you may be indifferent Miriam?

Well I suppose on a scale of good bad or indifferent I would say I am indifferent. I wouldn't call it a relationship. It's convenient it's just there. It's like any shop. My bank is good and all that but I certainly wouldn't say I have a relationship with it.

You mentioned a shop, would you have a better relationship with your normal corner store or maybe supermarket, just say Quinnsworth. would you have a stronger relationship with your bank?

I wouldn't say a supermarket so much as a small shop. If you shop regularly and they know you, they know what you want, they sat hello how are you, do you want this? You say yes that's great thanks. In some ways you would have more of a relationship with a small shop than with a bank. You'd get better service in a small shop than you would with a bank.

(other person) I also feel as well that people going into a bank are quite uncomfortable. sometimes you hear people chatting but most of all they seem embarrassed because someone is conducting their business in front of you.

(Other person) Yes they make me really angry, not my own bank but the one I use for work. There was two cashiers Friday afternoon at half two. it wasn't lunchtime that was gone They have it from quarter past one to quarter past two. They had only two cashier staff and there were another five or six sitting down at desks behind the counter doing whatever they do and there must have been about fifteen people in the Q. I got so angry I Felt O!..... How dare they treat us like this. we were there shuffle shuffle shuffle shuffle and you could hear mutter mutter mutter mutter But nobody said anything. I don't know why. I just made me feel so angry. The girls behind the desk were just looking up at you. then they go back to whatever they do.

Asumpta you said you were happy with your new bank. Would you in anyway classify that as a relationship?

I think it doesn't do any harm to be pleasant especially when you are cross with them you can be pleasantly cross with them. I think it's very difficult in our generation. Our parents may possibly have had a relationship with the bank. But I don't think I particularly had a history of it in my family to that extent. But I would go along with Aileen. I would find that I, I would say that I am employing these people, they should be giving me a service. I will be pleasant to them and I will smile but if It's not going well. I will let them know. I would find it difficult to be confrontational but I feel that for the last twenty or so years that I have been working a lot of money has passed through banks in my name and I an conscious of that fact. I feel happy at the moment but if it's not going my way that's where it ends.

Going back to the personal element for a moment. Do you think that any relationship is with an individual?

It depends I think it is important though because they know your needs as an individual. If you need something done they are more likely to do it for you But if you do know someone in the bank I think that when things go wrong it can be embarrassing because its a personal relationship rather than a business relationship but does mean that you will be

more patient and realise that that they are doing there best to help you. But I do feel that its much easier to establish a personal relationship.
So any relationship that you do form is personal?
Well I do think some relationships are personal because you would know them socially but any other relationship apart from that you don't really have one because there are so many people coming in and out every day that it's impossible to have a relationship. And I have found in some banks they don't really know you at all. I mean I used to bank with a crowd before and they never once in all the time I was with them addressed me by name. It was on my card it was on the computer before them. It was always there but they never used it it was infuriating. It would have been very easy to use my name.(unclear)
This was even though they didn't know you as a person.
It didn't matter it wasn't about establishing any relationship it was just purely common courtesy and the fact that they recognise me as a person. But nothing like that happened it was just annoying.
If they did use your name on a personal basis even if they didn't know you would that add to your........
It does to a certain extent. It does make everything more pleasant you know. It's not that I have great confidence in banks and I don't want a relationship but it just adds to your comfort when your in there and someone says thank you very much mentions your name and maybe something about the weather. It makes a difference.
Does anyone else notice that? If your called by your own name?
Yeah There's a particular girl in a bank in Waterford and she doesn't know me but she's always really chatty. As well as that she's really smiley and I love when it comes to her and I have to deal with her, you know. I really like it when they don't have this air of grandeur or snobbishness about them. It's great when they are friendly and not stand-offish.
(other person) The bank I was in for ten years, I had a problem and she asked have you been with us long. I was flabbergasted I had been with them ten years. I regularly got the same thing from all the cashiers there.
I just want to move on to the types of products you use with your bank. I know a lot of you have outlined problems with savings accounts or whatever. I just want to ask firstly your attitudes to using technology when dealing with your bank.
For example First Direct telephone banking, giving loans, giving life assurance over the phone. would you be comfortable receiving some of these over the phone?
I think it's very important to deal with a person. I wouldn't feel comfortable with that at all. Particularly getting something like a mortgage over the phone. you have to go in and talk to a particular person. The only thing is for example, Banking 365 or 24 hour banking. there fine for checking your balance or seeing whether cheques have gone into your account. That's fine but for loan approval or mortgages or anything like that there's no way.
(other person) I think there is a danger in getting a mortgage like that. You don't know what you're getting over the phone. I really need to talk someone on a personal level for thinks like that. It's something that you have to sit down and grill them about. It actually terrifies me. It's like as if someone says to me I'll meet you at half seven tonight. Do they mean it?. This is something that will effect the rest of my life. As well as that getting a loan, I could ring them up and they would say to me , No problem. I'd find that really repulsive.
What about things like life assurance?
God no I wouldn't dream of it. that would really turn me off (laughing)
Does anyone else feel like that or would anyone be comfortable dealing with those products over the phone?
I wouldn't apply for a loan over the phone. It's a lovely thought. I Could have £10,000 by tomorrow night but then you would have to start paying it back.
Is there general agreement about that?
Yes, Yes.
OK Just moving on to other products that you can get from banks, for example, mortgages, pensions, investments, life assurance, financial advice. Does that change your approach to dealing with your bank. For example some of you say you just go in your just interested in convenience. When using these products do you change your attitude?
My attitude was changed again, talking about relationships. I think that banks become friendly when they want to become friendly. When we were taking out a mortgage I went everywhere, the building society and every bank and mostly you just want the best rate to suit yourself over the terms. I went into the bank and on a personal; level I spoke to the mortgage manager and I said I'd get back. Of course I never got back to them because I got a mortgage elsewhere and I didn't feel I had to ring every single bank that gave me a quote. I was plagued every single day with them ringing me up. Do you want a car loan? (Laugh) I said no I don't want a car loan. I told them I've got a mortgage elsewhere, they wanted to know where I got it. I told them it was none of their business. They were just constantly ringing me. Do you want a car loan, foreign exchange for holidays. I thought that this was just disgraceful. How dare they ring me in work and harass me. Where did I get the mortgage. how long is the mortgage for why did I go somewhere else, how old is the car? I just thought O Lorraine! You know when you go in to the cashiers, very few of them, well in the bank that I go to now they do know me because in work we use the bank as well. I go in there with lodgements and they know me from going in throughout the years. But I find that they don't want to know you unless they want to know you. Unless it's in their interest to sell you a loan or sell you a mortgage your just an insignificant person and they don't want to know.

Do you think that being with your bank makes you more likely to get more products from the bank?
No, like I said I only use the bank becausc I have to use thcm, I haven't got a mortgage with the bank and I wouldn't use them if I could get the services that thcy provide elsewhere. It's convenient for me now but if I didn't havc to use it I wouldn't use it. That's any bank not just the one I'm with now.
Does anyone else change there approach when dealing with other products. Would you be more willing to talk to the bank manager or whatever or require a more personal approach.
I would like to see the manager or someone I think it's very important when it comes to a mortgage. If you talk to people on a personal basis they will do their best for you. they don't have to follow a certain line. They can help you to find something that will best meet your needs and will be more flexible. For example when I was getting my mortgage I was given a quote by my bank which was higher than elsewhere. I went to the manager and told him and he immediatcly gave me a better deal. (Laugh) They can afford to knock money off here there and everywhere, they can do it. They can cut corners but nobody knows they can do it. I was also able to get cheaper insurance, I got money off but maybe not every bank will do it but its often worth trying.
Would anyone else feel that for more complex products you prefer to talk with someone?
You have to. But many of the staff are not trained, especially people in the different branches. They don't know what they are talking about with more difficult products and sometimes they don't have enough information so you have to go higher.
Just looking at the more complex products I know some of you said you don't want a relationship with your bank. But does anyone think they would possibly want some type of a relationship when getting mortgages, life assurance or whatever.
Not really I think that for my mortgage from my bank I just shopped around to see whether I could get a better rate or not.
So are people generally anti relationship
Well when I want anything else perhaps a loan I would go there
(other person) I would probably go to my bank first if I wanted a mortgage just to see what they would offer but there's no way I feel obliged or tied to them. I wouldn't have any particular loyalty to them.
Ok I think we are getting pretty near the end. Can I just give a summary of what I think a lot of you are saying. I think a lot of you are fairly anti-relationship when it comes to dealing with your bank. You feel under no real obligation to buy extra products from your bank, the one that you use already. You are not seriously committed to your own bank.
No, just because I continue to use the same bank I use a numbcr of their services it doesn't mean anything. they are a convenience.
You feel no loyalty?
No if fact because of my recent experiences I must find out after this what banks you are using so I can see if they are any better. (laughing)
Does anyone want to add anything that they feel is important or that they feel that I have missed. (Interruption)
I think one of the most important things. If you take a sum of money out of your account they will ask you what you want if for. They maybe think you are looking for a car loan somewhere else and they keep prying. They keep annoying you and I said it to thcm.(Unclear laughing)
For my 21st, this is hilarious. this was with my first bank the bank that wouldn't give mc a chequebook. It was my 21st and I was taking money out of my account because I was having a party. I went in and they said to me what do you want it for?. I didn't normally take money out so they were very interested. I told them I was 21 and was having a party. Then I got a massive big card signed by all the braneh staff. The next time I went in they asked me would I like an appointmcnt to see thc investments manager. (Laughing) It's unbelievable. *They were trying to butter you up* First of all a fine big card signed by everybody then would you like to come in and see a special advisor- something or other. they wanted to hclp me spend the money that I had taken out or go. It's a cut throat business they will clean the floor with you then they will lick your shoes for ever more. If they want to be nice they will be nice, if they don't they wont. (Change tape)
......Because of the technology instead of getting more personal I feel they are getting more impersonal. That's my belief anyway, I talk to people I don't think anybody likes banks.
(other person) I think that they forget that they are in competition and they are inclined to walk all over you. A friend of mine was shopping for insurance the other day. she got it at one price from the company she was with but she rang back to say that she was taking it away she had got a better quote and they said look we will match it if you stay with us. and it was a lot it was about 2 or 3 hundred pounds. I thought thetas good that's really good. You wouldn't get that from a bank.
(other person)You will. you will if you push it. I stood behind a counter and I said IM not budging until I get.
Yes but unless you are prepared to be aggressive. The insurance company would offer you money off but with the bank you have to be aggressive.
They will walk all over you if you don't stand up for yourself, you need to get in and talk to the person who has the power to do these things. When I was getting my mortgagc from them I couldn't believe that I got money off.
But it would be nice to be offered in that case without having to he aggressive.

Yeah its the same with other things. What I would be very much in favour of is if the gave you a little bit of paper or vouchers which said that were going to give you a certain amount of money off for every year that you bank with us. .At least you know exactly what you are getting because six months down the line you'll know you are paying XYZ.

Finally does anyone think that the look at you as an individual.?

They look at you as a way of making money. They are always looking at ways to sell to you. they are trying to push products on to you. It's not the staffs fault they are actually made to do it. They are all the time pushing products. Everytime you go in they ask do you want a car loan do you want a laser card.

(Other person) they asked me did I want a laser card. yeah grand. Will you bring in your old card and you literally see them cutting the card in half. Then they charge me for four cards and I ring them up and say I have only two cards. They say no, no you have four and I say I brought the two in and I saw the chap cut them up and throw them in the bin. They still say, no you have four. I know it's only three pounds but it's so annoying.

(Other) Yes it's the principal of it

(laughing, general chat)

So are there any redeeming features

Yeah I got a free glass of wine once. Funnily enough even though you might laugh that's one of the things that annoys me. I only go into the bank maybe once or twice a week and at Christmas even a stupid thing like that you would miss it because it's held on a Monday and nobody ever goes into the bank on a Monday. It wouldn't be too much trouble for them to send an invitation to their customers to say that they are having their Christmas day or whatever and to come in and have something. Even to put up bloomin posters they wouldn't even do that to say come in and have a glass of wine. If you're in the bank on the right day you are lucky if your not, your a sucker. A little thing like that would be nice.

I think I'll leave it at that.

Thanks very much I really appreciate it.

END of Focus Group 1

Focus Group 2

Q. What would you think about Banks in general, ignoring your own Bank? What are your general impressions?

They provide a service.

Q. Is that service good, bad ?

It differs from one bank to the other.

Q. You think their are not all the same?

They're not all the same, but they are necessary.

Q. Does anyone agree that they are necessary?

O! there very necessary, because people can't survive without money. Like if you need a loan you have to go somewhere.Your better off going to a bank which is controlled. and they have a fixed rate. You know where your going instead of going to money lenders where there are higher rates. and how you going to repay. At least it is an ***organised society that you are working with.***

Q. So you would feel some level of confidence overall?

Yes.

Q. Would anybody else feel confident about them, any other positive or negative feelings?

I suppose when I think of banks I think of profits. That's the first things that would come to mind. Big organisation. Maybe not a monopoly, but in certain ways a monopoly in terms of interest and interest rates.

Q. But does big profits bother you or is it a necessary factor? Like somebody else said there a second ago, do you think they make an absorbent profit?

I think they make excessive profits.

Q. They do?

Yes.

Q.Does anyone agree, or nay other positive or negative feelings ?

I just feel that the service they provide is necessary, but I don't think they are necessarily the best people providing it. Most people would acknowledge that for loans in particular Credit Unions probably offer a more personalised service. They seem to be a lot more human about it and kind of touches on the profits and things . A lot of people including myself feel might focus to much on profits whereas the Credit Union is much more of a personalised business. There is less of a focus.

Credit Union is for the people, by the people.

Yeah!

Whereas banks are a profit making organisation. Now if we are willing to work with the bank we should be willing to accept that they are going got make these profits. If we are not willing we should find alternatives areas like Credit Unions and other business societies. There are other outlets.

Yeah there is no such thing as an non-profit making organsiation. Their is no one in their for the good of you health or my health. Their all in their for their own slice of the cake., as much as that cake as they can get.

Q. Would you agree that Credit Unions are a bit more human, as Erik said?

Well I have not had that much dealing with Credit Unions.

Q. And would bank profits or anything worry you?

No, not at all

Q. They wouldn't?

No

Q. So just moving onto your own bank in particular, some one said that not all banks are the same, some said they are different. Presumably you are with a certain bank, and your with that bank for some sort of a reason . Is their any reason that you are with your own bank, as opposed to any other bank?

Convenience

Q. So that would be purely convenience?

Convenience

Q. Is that the only reason?

It is the only reason I am at that bank. The only reason I am at my bank is because it is very late open on Thursday.

Yeah! it is just total convenience. Personally I think I should be with another bank, because it is easier to get money, with AIB than pass machines.

Q.So does anyone else think the convenience is important, or is their any other reasons why you are with your bank?

Family tradition. The family would be with a particular bank, and when you started out, you maybe open an account with a particular bank, so you end up with this bank and you kind of drift along with the same bank. Maybe you should change.

Convenience and tradition. Maybe the only reason your with it is because your father and mother are with it.

Q. Would anyone feel committed to the actual bank that they are with at the moment as opposed to another bank?

I would say tied to them more than committed. I personally find that I join a bank for convenience, but as time goes on I became more and more conscious of the level of service. But I also became conscious of the fact that when you go looking to the bank for anything, they want to know to your banking history. And if you change banks or go to an new bank with no banking history, they are reluctant to advance anything to you.

Not now a days.

Not nowadays. Certainly I find that as your relationship with your bank develops, then your become more and more aware that while they can appear outwardly very rigid, they can be very flexible, if they have a good Knowledge of your banking history.

Q. That's one thing I want to explore: the flexibility issue, do you think they are actually flexible with you at the moment , or are you with that bank because they are flexible,. or how do you find their flexibility?

I'd say in this day and age, they want to give money. There lending to everybody and anybody. They've gone way beyond what they should be doing. The criteria set out for bank loans, for house loans, it is gone flexibly. So it is very flexible. You go in and say I want so much. Now if you didn't tell them that you've a full time job or permanent position, they wouldn't give you anything at this stage..

Q. So why are they flexible?

I don't know. the greatest threat you can make to a bank manager is that you will take your debts elsewhere. They're making money off our debts. That where they make their main profits. So the more money they get, the more they are going to make.

Q. So do you think it does make a differences threatening to move ?

O it does, yeah.

Q. Yeah?

Yeah!

Q. And they realise that, your saying?

Well they realise that your not tied to them. Like in the last couple of years they are after shouting up the prices for using the pass machine. Every time you go up to the counter, they charge your so much and they after shouting up astronomically high. I am after going back in twice and saying that I want the free banking for 6 months at a time.

Q. But would they have done that if you had not said anything *?*

No, no! they be taking the money off you the whole time.

Certainly I found that if you challenge them on bank things like bank charges or foreign charges on your account or even administration charges, once you challenge them, you know you don't have to state a great case, that they will immediately slice something off it., so much so that if I see a charge on the account now I will automatically question it because I know that they will invariably take something off it.

Q. Its worth a try?

Yeah! it's worth a try.

Q. And how important are bank charges to you, in general?

It is your own money that your are giving away, so you are not going to give it away to easily. Like your adding to their profits. Its very hard to get money at times into your own pockets, so why give it way. You wouldn't normally give it away that easily.
My argument is that it is up to them to make a profit and it is up to me to ensure that they don't get as much out of me. It is a two way thing. I don't mind them making a profit. Once I can fight then on it. Like somebody said it was a cartel. like if every bank in the system had the same charges, it would be a cartel, or a monopoly of charges but it's not.
Q. So your reckon they are big differences between?
There are! even between bank among the stated costs their is big differences.
Q. And what you can get out of them ?
Yeah!
You see the thing is each charge is there, and if your willing not to say anything about them they will take them off you. If someone goes in and says I want half of these charges cut or else, they will do something about it. I think it is human nature for people to accept charges. I think that's related too to the bank. Your incurring more charges, actually in-debted to them. I suppose people don't feel that they can be as questioning of charges when they owe the bank money, and certainly when you have money in the bank, your not encouraging them to create charges, quite the opposite. But that's because we said earlier they their is no doubt that the banks are making money on the people that owe them money. but I feel personally that they don't pay enough attention to the people that own them the money, as opposed to the people that have money in the bank. Effectively they make their money from lending out money. They are the backbone of their business. Although I do feel that the threat to move the account is to some what an empty threat. Certainly I don't know of a bank who would go and say listen I owe them 10 grand, but I want to owe to you instead, and that someone would take it out.
Go to the bank and they will do it for you in the morning, they want to take it out.
I made an enquiry about changing my account. I found that it would cost me between legal fees and transferring the account, it would cost me over a thousand pounds to transfer the account.
Is that a mortgage?
Just a mortgage.
Yeah, do you normally find that in a mortgage a lot of them are actually willing to pay those legal fees.
That is what I heard, but I made inquires, and they weren't doing it.
Well then, they had enough given out at that stage.
About 4 years ago that was a big thing. They were actually paying transfer fees and everything to get people to move over . Do you remember the time the interest rates were quite high.
Yeah! I thought that was still there.
Q. So in effect you having a mortgage with that bank, even though you may not be particularly committed, you are actually locked into their services?
More of less, yeah.
Q. Anyone else feel completely locked in ?
Yeah! your locked in, your locked in. Yeah I feel that way. No matter what bank your with. your locked in. But I don't think by going from one bank to another, you going to make any better money out of it.
In certain times better services.
Q. Do the services that they provide full cater to your needs as a consumer, what are the important things that they need to provide, that they are not providing, or are they catering to everything you want at the moment?
No, a straight answer.
Q. Why would that be ?
One of the main faults would be lack of efficiency, and making mistakes. Major mistakes which I feel if were made in any other part of industry or business, just wouldn't be tolerated.
Q. Right! Does anyone else feel that they don't cater for your needs fully?
I think that they are going away from catering for your needs, the mechanisation end. The machine is very handy but when your dealing with the machine and nothing but the machine, as you are in the Dublin Branch of Bank of Ireland, you can't more or less go in and be a person. Your a number and you go into the machine, put in your number and that's what it works with.
Q. How important is the personal element in dealing with your bank?
A personal element. You can feel that you can go in and your getting value for your money. When your talking to a machine you don't get value for money.
Q. Right
And I think for the banks sakes, it would be better to have a personal element. A loyalty would be built up between the customer and the bank.
I feel with my bank, one lad deals with my account the whole time, but obviously if I make contact with the bank I go directly to him, and over the years it has developed into an informal state in that I can pick up the phone to him and say put a facility on £3 on my account their, and it is completely informal. But he knows that he's got my business, and

I know that if I want money at the drop of a that he can give it to me. And I find that that makes the banking their worth while. That alone makes it worth while.

Q. And is focused on the one individual rather....

Focused on the one individual the whole time. Obviously if he is not their, someone else can deal with the query and direct towards him. But its always the crux of the matter, the vitals that arc one on one with him.

Q. And what would happen if that individual left the bank?

I would consider following him.

Q. You would?

Ycah!

Q. So you have some kind of a business relationship with that person?

Well that person, as I say, it is actually gone beyond business now. I'd meet him in the street and we'd go for a pint at this stage. Its not that I am one of these triple A customers. I'm far form it, but its just that it is gone beyond a business relationship. We have actually developed a friendship, and as I say I know his wife and kids, and he knows my wife and kids through handling the account for 5 to 6 years.

Q. So it is gone to a personal relationship?

Yeah !

Q. The relationship wouldn't be with the bank then?

Its with the bank. But it is true the medium of that individual. If he transferred to another bank I'd just follow him, because again he facilities my transactions for me.

Q. Does anyone feel a personal element is important, or how important is it? I mean John do you need to deal with the same person all the time?

Not necessarily, no, not necessarily. When I go to a bank, I like them to be receptive to you, not to be immediately under the fence, like asking do you have an account here or what's you account. I don't like that aspect of bank. If you go into a place regularly. the people behind the counter should recognise you go into. You wouldn't have to repeat these questions to them

Q. Do they see you as an individual when you go in, do you think?

I don't think so, no! I think sometimes they might see you more as an hindrance.

I have to agree with that.

Yellow pack workers. You know before bank staff were getting well paid. They were doing a good job. Now they after bringing in this low grade, known as the 'yellow pack workers', where their not treated well, and their not willing to treat people well either. They go in from 9 to 5, do their job, which is to put pen to paper.

Q. So you do feel recognised as an individual when you go in?

No, I'm dealing with four different banks, because I wouldn't just use one.

Q. So going back to loyalty you wouldn't feel any particular loyalty?

No loyalty to anyone.

If you felt that the bank manager was your friend. would you go back to him the whole time? (respondent)

Not if service he was providing was eosting me money to go him. I defiantly wouldn't. I'll go where it won't cost me money. I've notice in other areas that where you pay money they always come down to what you'll get everywhere else.

I think that at this stage your almost discouraged from meeting the bank people. person to person. like do you not realise that you could have done this transaction through the machine, in other words we don't really want you in here. I think the banks are losing out. because going back to what you were saying earlier. their actually not getting the feedback from people now because they are pushing people out more and more at a distance. And you can get you statement printed out, and if you go an query something in you statement, well you could have got it printed out in a machine. is the reaction you'll get. My experience is you could have done this outside at the wall.

Q. For a simple transaction, would you be happier dealing with a person on a regular basis?

On a night-time the facility to deal with a person if I want to query something. I don't like to be discouraged from going into the bank building.

Q. Right! and that would go against, you would rather...

I would rather have the facility their to go in and talk to somebody and discuss a problem. I don't like getting a reaction where they would prefer if you didn't come face to face with them.

Q. In that situation it would be a person you want to see, not necessarily the same person?

Not necessarily the same person.

I went into a bank one day to cash a cheque. and she said to me "*you know she said you can a transfer our account here. You can get it taken out from the wall*". I just went in to cash a cheque. I like to cash a cheque. get my money and go home, and like this is what she was trying...... the hard sell.

They're all like that.

So your more comfortable dealing with a person on a regular basis, rather than anything else?
Q. Do you deal with the same person?
No, one or two, cause I tend to lodge my cheque in the same bank. But one or two might recognise you. Sometimes they ask you to send back your cheque. I don't like sending back me cheque. When I check my account, and then I' have to send back me cheque.
Q. Do you like dealing with same person on a regular basses?
Not particularly, it doesn't bother me at any great length.
Q. Do you think that they are actual genially interested in you?
As a bank probably not, as a big corporate they're not. They just want to get in as many numbers as they want, or they can. But it is probably just some individuals who maybe genially interested, going back to what Erik was said earlier. You build up a friendship with a person, or two people in a bank. You kind of go *'who are you going to meet if I have a problem next time'*. And you tend to make the phone call to him or her down the road, if they in a new bank. So as an overall bank they just want to see account numbers, account numbers.
Q. Does anyone else feel the interest is genuine, or insincere?
Well I know that I've threaten to take my debts elsewhere. Now the reason they don't want me to do that, and they really don't want me to do that is because they have to explain to head office why this persons account has closed, and what they are building up is statistics on why one man is doing this, or why is he doing this one area. Well I feel if everybody went into a bank and said we're charging our account, they'd do something about it. And it goes back to head office every reason why a bank account has closed. They have to state a reason. Now if I went in and said that I am closing this banking account because you are making double charges that I don't think that are necessary, they have to report that back. And it is not a personal thing to me that they don't want me to close the account. Its that they don't want it going back to head office. It would be a personal thing on the bank manager in that area.
Q. Their interest is purely protecting their own back from head office?
They don't care about me at all. Its what goes back to head office that they are worried about.
Q. Does anyone fell that when you have a problem that they are genuine or not genuine?
I think as an institution. I don't think much about them. I think maybe you have certain people in a job who in any job who are genially interested and others who aren't. But I think the bank as an institution are not genially interested.
I think if you go back to the Credit Unions. we have a terrific Credit Union in Waterford. An the way they operate is that if you have a loan from them. at the end of the year they do there accounts, and effectively how much money they have made. They give you interest in their shares, but they also give you rebates on interest you pay on any loans, So whatever money they are making it is being ploughed back into the Credit Union. I think certainly the bank they obviously have to make a profit, but they certainly could be seem to be ploughing some of the profits to the people who are actually keeping them in business.
Q. As well as that do you think they actually listen to you when you go in with a problem?
We had a problem on our own account. Their wasn't enough there for the mortgage. So the wife went in and she read a shitty letter after four years without missing a payment. And the guy went through her account and he saw 30p. This comes from head office. They draw the money from head office. They wasn't enough their to facilitate the account, so she went in, she got a letter from him apologising, and they now going to review it. She was happy enough with that.
Q. So they did listen in that instance?
They did listen, and they were promptly enough to get back to us.
Q. Has anyone gone in with any other problems that they have listen or haven't listened?
Well I asked my wife to go in. I got a loan and I felt that the repayment was more than it should have been. She went in and they fogged her off with some story. She came back and said that doesn't add up. So I went in myself and they tried to fog me off with the same story. And I actually asked her to bring out the calculator here and work it out. She had to got back to head office to get it sorted out. Now it was going to cost £200 and she must have know that it was a mistake when I went in the second time. It is only that I went through it on minute detail on the calculator before and Went in, that she knew she'd made a mistake.
Q. But was it rectified then in the end?
It had to be rectified, because they had made a mistake. But unless I'd gone in an challenged the second time it wouldn't have been. And I felt that that is what they are doing the whole time: their fogging people off. They make their mistakes and they come out with all this hyfluently terminology that most people don't understand. She started coming out with all this terminology- why was this? and carry over? I said the fact of the matter is that I am paying £200 more than I should be.
I do think they could do a bit more to educate the customer. like if your dealing with the bank for a number of years and they have your banking history their, they could have a guy sit down and say well look now your doing this with your account and that is actually costing you money. Could you try and do this or would it be convenient for you to do this. That's going to reduce the amount of money we have to charge you. And like it is very unlikely that the banks are going to do it, but at the same time they'd have a much happier customer
Would your friend do that (Respondent).
Exactly, my friend would do that.
And he's not doing anything illegal. he's not doing you any favours? (Respondent)

O but he's consolidating my business with the bank. like the most obvious one for example would be the interest rate. Most of us would have a mortgage. I know when the rates go rocketing down, I think the bank should be calling lads inside and saying now do you realise that it is very unlikely that they'll go any lower. Now would be a good time to drop into a fixed term. But theirs no-one doing that.

They don't have to because I checked it out last year in the bank and for some reason I sound it and I forgot to get the loan inside, and I sent it back . They sent it out to me again and for some reason I just rang to see what the rate was again. It was gone up a 1/2 percent on top of it again. It was going to cost me a £100 more to keep myself locked in a system which would have been crazy at the time. It would have cost £1200 a year just to lock yourself in _______, and the rates were tumbling the other way at the same time. Their was just a slight flicker at the time.

Yeah! their was a sort of blip in the market where they refused fixed loans. They wanted very high interest rates.

That's right! we applied for a mortgage. The documents they sent us to sign was more than what we had sign for, so we sent them baek. They were late sending it out, so we went off on our honey moon. When we came back the rates had plummeted from 10% to 7.25%, so we went in to sign, and the woman got all snotty. Like we signed for 7.25% instead of 10%.

Q. How good are they at communication with you, for example bank charges? Are they good at communicating their charges or are they are any other areas where you feel they are good or fall down in communication?

Well they were ehangeable their recently. When they changed baek charges whieh now apply for everyone.

And they have to do that 4 times a week.

Yeah, and mortgages down too and speech change.

I find them very bad for eommunications, and the way in which they communicate can be a problem. I had problems where a mortgage account was not right, just transferring within 2 branches in the same bank. My mortgage account was in one bank and direct debt in another. I wanted to transfer, and they made a mistake when the money didn't come across. Now they should have known that I'd been paying this no problem, and yet what I got from them was this obnoxious letter saying ' I had default this, this and this.....'. So a simple phone call would have solved the problem. They should have known that. You know 6 eonnective times this happened, and it's not until I threatened legal action that they wrote and told me I am not down as having a bad debt.

Q. So it happened 6 times and you quote them 6 times?

6 times, and 6 times you try to sort it out. And all you get is this kind of obnoxious letter from head office instead of a simple phone call. You know communication. A simple phone call would have solved that.

To check back on pervious service payments? (respondent)

Yeah! check back and say what's the problem. Communication was the major problem. And again maybe going back to the thing that nobody really knows you. Its de-personalised. So somebody would say, " *Oh that's your man, sure I'll give him a ring, I know him*". Whereas nobody knows you, and its just so impersonal that this comes from head office. And then they say every time "*oh sorry, this letter is filled out by computer, sorry it won't happen again*". But again it occurs the next month, and the next month and so on. You know nobody knows you in the banks.

Q. So they don't see you as an individual ?

They don't see you as an individual, certainly communication I think is a major problem. And again going back, communication is letting you know if the mortgages are going up or down, and what you could be doing.

On communication what I find very off-putting about all the banks is at the counter service, they pride themselves on confidentiality. But I think in reality at the bank you have no confidentiality. You know the guy is standing there behind you, looking over your shoulder. And you know I do it myself. But you have absolutely no privacy at the counter. Their is no privacy. If you take for example the AIB in O' Connell Street. Their can be 4 or 5 conversations going on, and all talking about their banking business, If you wanted to let you attention drift from the conversation your in, you'd know everything about the other peoples banking business. Another thing I see is little old ladies coming out with cash in their envelopes, and if I can see it so can everyone else.

Yeah! where they should do that for everyone

Yeah! they should discreetly say to them put it in their handbags.

Well again it goes back to lets get them out.

Q. So how could they improve? What areas could they improve? What areas would be important to you to make your life as a customer a bit easier?

Well their is a lot of positive things in banks that we haven't mentioned. They do provide a neeessary service. Everybody's using it. Most people are using the services. You talk about the access and visa account. If you let them run over, it costs you nothing. If you know what sort of charges at every transaction, you can minimise these costs. So what they really need to do is to educate people on how to minimise their costs. And then nobody will mind paying what there paying. Its only when you get £50 or £60 charges and you don't know where they came from.

Q. That goes back to the communication problem?

I think its educating people. Telling them how to carry out transactions to minimise costs. Theirs nobody going to do it, but they should do it.

Q. Do you feel staff training is an important element of that?

Well their have been notices up that's its so much for every transaction which is a legal thing at the moment. But like they have to say that. Its up their. Let people read it for themselves, and so be it if they don't.

Its all in small print though.
Its back to the point that 90% of the people pay 10% of the charges, and they'll get a reduction, and their happy the rest are going to accept it. And they just take it.
Well what they should do is go back to the point, where you go into the bank, let you be Joe Bloggs, or whoever, you meet the same person or not every time, the receptionist should welcome you to the counter with "*good morning, good afternoon*", or whatever! and be interested in whether your going to lodge money, take out money, or whatever interest you have in them. like they are the sales people for the bank. If our sales people acted that way, we'd have no business. They have to take the good with the bad. Smile on the good day as well as the bad day. And you could get an earful down the phone, ok you keep the phone back a little, and just take a breath and answer that person back, with no fowl language, a pleasant voice, and try and clam down the customer. But to get the people in the bank to do that, they have to be proud to work for that bank, and not feel they are being used by that bank. Now when they introduced this new grade in the last 6 or 7 years, these are people who are going to be tellers all their life, with no chance of promotion. Unless you feel that your going to make a step upwards, your not going to make the effort necessary.
Yeah! that's very time.
I do think the banks could provide a buffer zone. Most of our bad experience with the banks I feel centre around when we're in difficulty, like finance. I do think they could provide a buffer zone on each individual account. If your 10 or £15 over, there's someone their saying "*well look we're not going to be issuing letters for that. on the other hand if you go beyond the boundaries of that zone, then we have to look at the account*".Obvisouly if a fellow goes into this zone area, then his account is stagnant. Someone can look at his account and say "*Oh look their, he's so and so, and his bank history is this. Whatever it is it 's only a temporary leach*".
That's going back to the personal thing?
Oh it is, but at the same time, you needn't ever get personal. He could just pick out his bank records.
While I agree, you have to deal with that person personally, everyone. You have to deal with everyone's account personally. What they do now is someone going below the 'not payment' is contacted immediately. And that goes right across the board. Now you could get £3000 or 30p, you'd still get the same letter. I think they need to be treated first of all as individuals, not as account numbers. I think they need to view people as customers, valuable customers, which I don't think a lot of banks do
Right!
I mean we are the customers after all. Like go into any other business or shop as a customer, and you get a lot more respect, than from the banking institutions, not particularly from the individuals working there, but from the institutions as a whole.
I think going back to the thing about the buffer. That's totally down to the bank manager. No letter should go out to a customer unless he gets a draft first. He should be the one to say we'll post that letter out to the customer. If your going to get a letter like Padraig did for 6 months, and each time. like the bank manager of his branch should be made responsible for that. He should be made responsible. If he gets a letter, the alarm bells click on, and say this guy isn't that bad, there's something wrong within my branch if he was getting these letters, or maybe it is his fault. but at least let him decide and a phone call from him to say, "*listen come in and see me, their something wrong or sort it out on the phone*".
Q. Instead of sending out something.....?
No letter should go through the bank without the manager seeing it. I think branch managers accepting that sort of system are wrong in the first place. Their not responsible for the bank their in.
Q. OK! Would you say you trust your bank to do the right thing by you as an individual? Would trust be a word that you'd actually use when you dealing with your bank?
No! I do the figures yourself.
Yeah I'd agree.
They obviously make mistakes. But if they make a mistake their not going to be the ones that find it. You have to find ***it yourself.***
Q. Does anyone feel like that?
Yeah! You have to check up on everything from the bank. Certainly I wouldn't sit back and accept mistakes from them. They may not do it deliberately, but I fell I would have to check. I know mistakes will be made.
Q.Would anyone else trust them, or don't trust them? Is their any level of trust at all?
Well you trust them to a point, but at the end of the day its your money, so you responsible for it. So if it does go wrong its up to you to find out.
Someone should tell you. If they put £2000 into your account by mistake, and you spent it, cause they made a mistake, they'll get that money back off you
Q. Would their be some kind of level of trust? I mean your money is with the bank, maybe for years and years. Would you trust them to keep your money safe? Is their even that kind of level of trust? Well if you put £1000 into the bank, would you trust them with that £1000?
I expect it to be there when I go back. That's the level of trust. I don't trust them
Well respond with the level of trust.

You know what I mean, I don't trust them. But if you put your money in a bank, it should be their when you take it out.
If you gave them £1000 to actually invest for you, I don't know if I'd trust them. In fact I wouldn't trust them.
No I wouldn't trust them either.
I wouldn't put £1000 in the bank, if I had £1000 I didn't want to use. I wouldn't put in the bank and say that's fine, forget about it. and not check on it until I needed it in 5 or 10 years time. I wouldn't. I feel I should occasionally check that it was still their.
Q. Yeah! you'd know it'd be there?
I'd hope it would be there. Somebody could have made a mistake and transferred it to someone's else account, You know If you didn't check it, it goes forever.
Yeah, it goes forever, yeah it goes forever.
It has been well know in our bank that peoples cheques have gone into other peoples account, and then they get the warning letters that your talking about because their wasn't the money their to go with the mortgage
Q. So the bank wouldn't be in a position to rectify it if you didn't go near them?
I think the banks are gone to big to be able to rectify it. They don't see it.
Again it probably comes back to the personal thing. Like say years ago if you were in your own little branch, and the manager or somebody would probably say "*oh their must be something wrong with you account, he always has money in it, he's overdrawn now. Now his cheque comes very month, it must be somewhere else*". But nobody is going to notice that.
What your saying them, is you'd like to get your cheque and get the money. But its very easy knowing why when I saw my cheque going into somebody else's account. At least it was my cheque, and it was going straight into my account. It happened on a numerous occasions, not just the once off.
I think initially when I opened my bank account, I was rather nieve to trust the bank. I did get a statement to say I owe so much money. But only through experience do you learn.. and start querying things. Then you realise their not in-fallible. They do make mistakes. Obviously for the likes of your home finance, your mortgage and that, or indeed any life insurance, there's a certain amount of implicit trust. You've no choice but to trust them.
Yeah!
Yeah! but certainly ask me if I had £1000 in the morning to invest in the bank. I wouldn't. I don't think I could trust the bank.
Economic sense?
Yeah!
Trust would certainly be a factor. I do feel my trust is very enhanced because of the relationship I have with the guy who handles my account.
But your not going to belong to one of these people-well he doesn't query things, here give him £60, which does happen.
Yeah!
Like it goes through charges. Like £3.60 is not enough, put down £36. and we'll give it back to him if he queries.
Q. Do you think they do that deliberately ?
Oh I'm sure they do it
But I don't think its done on an individual basis, but I do think the criteria parameters are set on a computer. They just pick it out.
Oh that's what I mean.
They just pick them out. That's a lack of trust again you see.
Q. Do you think the amount of time you spend with your bank, maybe your with your bank several years, or from school. Does that affect how committed or loyal you are to the bank?
I wouldn't really. Like I've been with the same bank since I left school, and I feel I'm tied to them, not committed to them. And that would be based on the service, lack of service I got from them, not the length of time I've been worth them.
Well I've been with them for 20 years, and I would hold no bit of loyalty with one bank. I'm dealing with 3 other banking institutions at the moment, whatever service is offered at the time I took. I with this bank because I was there for 20 years when I went looking for a mortgagee, they should have offered me the best rate that was available around the town. One fellow went in a couple of weeks ago and she said "*I'll match anything that you get in the town*" and he said "*you should have given it to me, I shouldn't have to go around looking*". And thetas what bank should be doing, but their not.
They're not!
That's why I'm with 4 different banks. Their not offering the best rates that they should be doing.
Q. And you were saying about your mortgage! Would anyone be more likely to use more products from the bank because your actually with them at the moment? For example if you wanted life insurance or a pension from a bank, would you be more likely to get it from your own bank?
I get assurance from the company I work with.
Q. So you feel you don't need them?

No

Q. What about yourself Erik?

Well actually, I only took out a pension scheme their recently for Geraldine when she charged her job. She set up a pension scheme, and with my background I looked after it. But I did find that when I went to my bank because of the relationship built up with the one guy their, I went to him and discussed the needs and set the pension up through the bank. I would say that our relationship has been the exceptional of the rule. And when he's not around, when I went for particular products in the banks, he invariable said '*oh you can get that next door*' and now that to me enhances my view of the bank, and my relationship with him, and it enhances the trust with him. And I know that if theirs a better product down the road, he'll tell me.

Q. But you would go to him first ?

Oh I'd go to him first and he'd tell me straight. I'll know he'll tell me straight that's the situation

Q. Conor, if you were going to your bank, would you be more likely to....?

No, I just ask for advice. I wouldn't trust them at all.

Q.You wouldn't be committed to go to the same bank for the same services?

No, not at all, no way.

Q. Why would that be?

I just don't trust banks.

I'd listen to they had to say.

Life assurance. I know people involved in that, I'd say have a look at that that tell me is it worth getting or not, and if its not, I'd go elsewhere.

I think banks are under the impression that if your with them, your committed to them. That's the feeling I get. They don't think or realise that your experience as a customer, how your treated as a customer is going to tell on whether you go back for another product, or not.

If you are committed, your probably committed to trying them first.

Yeah!

That's about the extent of it.

Yeah! I would say because of my experience as not being treated well as a customer, it would be the last place I would try. I was looking for another loan, another purpose, but I did eventually check my bank. It was the last place I looked at, and that was because of my experience as a customer and how I was treated as a customer. I think in a lot of cases the banks are under the impression of the old days where it doesn't really matter how you were treated, you are always going to be a customer.

That's a Fianna Fail lie.

Yeah! but I think now people are much more willing to shop around and other institutions are more willing to take you without, and more willing to give you money as well. A lot of banks don't seem to have grasp the reality of this.

Q. Would you describe your actual dealings with your bank as a relationship? Would a relationship come to mind if you dealing with a bank, or even not? What type of a relationship?

Well I would say I don't go into banks much, because all my salary goes into an account, and I just check it that way. If their is a problem, I'll ring and I know who to ring. So I get it sorted out their. But an incident happened. I cashed a cheque. They took it in good faith, and their was no money to back it. And it was a mistake on my behave, their behave, 6 of 1 and half a dozen of the other. I chased it here in the town, but I've the account up the country where my home is. They rang the bank and said "*look just give him a ring, he'll sort it out, he's genuine*". So it was the first time I ever got satisfaction. They do kind of respect my custom. But having said that from my own experience in business you have to check it, you have to know what's going on around you, even in your own budget, because no-one else is going to look after it if you allow it.

Q. Would you see it as a relationship?

I feel when I'm dealing with the school above, and I'm dealing with large sums of money every year. I've a relationship with the bank them., very much so. Their very much personal and sincere to me, when I'm brining in 40 or £50,000 a year, but when I'm brining in a couple of 100 every month, their not too worried about me.

I've a relationship with a machine in the wall. I think its too impersonal to call it a relationship. I wouldn't call it a relationship. I think its too much of a distance to call it a relationship. I don't think my name would mean anything to them other than a number, figure.

Q. Would you see trust as a relationship John ?

Well as I said, I don't really have much of a relationship really. I go in and cash a cheque, take the money and go. that's my relationship

Q. and your happy with that ?

I love it I love that every Thursday (Laughing)

What day is it, its only Monday (Laughing)

Q. You know when your dealing with your bank. If you're dealing with other products, pensions and life assurance, do you change your approach to dealing with the bank? for example there's more risk involved in looking for life assurance. How would your approach differ?

If I was looking for something, say life insurance, and I wasn't ok with my own bank, like you were saying, I'd get independent advice, and find out in advance, especially for life insurance something I didn't know nothing about.
I feel the banks when you go in, like I've done it myself when taking out life insuranee, but I felt he was trying to do me when he was selling it to me. Now that was just bad faith in banking. I went out and checked it and went back. It was a good deal and I took it. But when he was telling me I felt he was trying to pull the wool over my eyes. Basieally he was in the bank, and was selling this product and it was a hard sell, and it was a good produet. I investigated it before I took it, but it was a good one, but when he was giving it too me I said I wasn't taking it. I just didn't believe that it would be done.
Q. Do you think that when using these products, a more personal approach is justified?
I think so with a pension.
But they supply that, don't they?
Maybe 20 or 30 years down the way and all money will be relative then. OK your talking about maybe 20 years time, you'll be getting £200, 000 a pension a year. But that will all be relative to the time. Yet if we look at £20,000 now and our parents looked at £20,000 in their time, its a lot of money. Bit it's very little now.
Yeah! but your worried about what money is going to be worth in 20 years time. So you need a very personal approach their, to get your faith, get you in.
But don't all the bank nowadays have all these advisers for pensions and things like Areh life, AIB, the TSB have people coming in and you can meet them and they give you all this advice. Now I don't necessarily trust it, but their to give it to you. That's my faults if I don't truss them.
Do you feel their approach about it, but you don't feel you can go to them.
It depends on whether you go in your jeans or a trousers, doesn't it.
Very much.
To somebody who comes to mind, when I was a young fella, my mother and father went into the bank manager and you'd swear it was a wedding their were going to. They were all dressed up in a suit whereas I wouldn't dream of dressing up in a suit.
The bank manager and the priest were very much the mots important people.
Yeah! but I do think to a certain extent they are no accessible enough. Now maybe that goes beyond. I know in my job, their on the whole time to make themselves available to the public, both within work and outside it. And that if you are seen as a member of the community, people will be much more ready to approach you in relation to whatever. And I do think the banks could do something along those lines. Well the banks always held that the person that was working in the bank had to live in that area, and join the club and get involved, but that was to bring in business.
Yet but look at the clubs they joined.
End of Focus Group No. 2

Focus Group 3

Q. How do you feel obout banks in general, ignoring your own bank? Has anyone got any positive or negative feelings?
I just think money.
The main banks provide a service. like the AIB. They probably make huge profits.
The only way they make money is when you get the statement about what their going to charge you, and you know they must be making money, I mean the charges are excessive, they really are, £20 a quarter.
Yeah! it's only then you sit back and think about the money their making.
Q. And do you think their profits are excessive?
You don't really think about the profits, what their really making at the end of the day, and what their charging you.
Q. Does anyone feel like that?
Basically everyone needs a bank because it's a secure way to hold your money. Your not inclined to keep you money at home.
Exactly!
Nobody puts it under the bed anymore, like they used too. Even for a pay cheque to be Paid into the bank. A very simplistic view of a bank is a place to keep your money safe.
Q. So you think they are necessary?
Yes, there are some kinds of institutions necessary who do the same as the banks are doing.
Q. But think about your own bank for a moment, switching from banks in general. Why is someone with their own bank as opposed to someone else?
Mortgages.

Yeah!
Best deals and mortgages.
Q. Mortgages, Yeah! Do you feel locked into that bank or are you committed to the bank?
Until they do something I don't like, yes.
Yes.
Not long term.
Q. Yeah! And how long have you been with your bank at the moment?
Two and a half years
Q. Yeah ! would you call yourself a loyal customer?
No, I'm as loyal as they are to me. And if they start causing me grief, I'll move my bank account.
Q. And how loyal do you think they have been at the moment?
They've been fine.
Q. They have ?
They have.
Q. Is everyone else happy, or would anyone describe themselves as a committed customer?
I feel my bank is committed to me. They came around with their little 50p and £1 saving books, and it was through advertising like that I suppose that they get a lot of their customers.
Will I'm with my bank since I came to Waterford in 1985. They happened to be right across the road from us, and they arrived into us the first day. The first day we arrived their, the bank arrived in and offered to open our accounts. It was convenience. But at this stage I suppose I'm tied into it because we work through a personal friend in the bank. So I am not committed to the bank, I'm committed to a person their, more so than to the bank.
Q. And is the personal element important?
Yeah! the personal element for us is important because maybe we'd have some hassle doing some dealings or getting certain things, more than we know. We work through this one person, and as he moves banks, our accounts move as well.
Q. So you have moved in the past with that person?
Just within the same bank, but with that person, Yeah.
Q. To different branches?
Yeah!
Q. On that commitment element, does anyone feel committed?
You talked about loyalty from your bank. I mean you never hear from them once everything is going fine. But lets say you missed a payment or something, you don't get personal letters, with your name on it. I mean *dear Mrs. Murphy*, but I mean automatically if you overlooked a payment, its get in their and pay it immediately. Theirs no sort of loyalty. Like "*Oh look! at this woman has been with us for 25 years and this never happened before, and we might just drop her a little line*". A little bit more personal. You never hear from them like that.
Yeah! That's true.
Your just a number as far as they are concerned.
Q. So you don't feel like an individual?
No, and another thing that really gets me is this thing of Christmas, you know the glasses of wine and the Santa Claus in the bank, and *'hi! how are you'*. They haven't a clue who you are and they don't really care. And then when your standing in a hurry and your standing their waiting to be served, and theirs 3 or 4 of them, sitting at the tellers and there closed, that really gets to me. You know all this trying to make it really personal, saying "*you know your a valued customer*", and all this sort of thing at Christmas, that really gets to me.
I do believe that its got more impersonal as the years have gone on. Originally you knew the bank tellers, or officials and you had some form of relationship with them. But over the years it's become far more impersonal. I suppose it because their are so many ATMs, that banking itself has become so impersonal. When you go into your bank you don't necessarily need to know your bank manager any more.
No (in agreement)
But I think they are trying to encourage the ATMs because there're trying to get you away from the desk. You can do anything through your bank-link, you can lodge your money, transfer your money, pay your bills, put your bankline into the machine, pay your ESB, your phone. So they don't really want you going into the counter unless your going to be handing them over money.
Q. And are you happy with that, or are you comfortable with that technology in your bank?
Yeah!
I suppose I 've got used to it over the years. Its been going that way. As I was saying about the impersonal end of it, definitely its only now that we have a relationship with one of the guys in the bank, and we never had up until a couple of years ago. I can walk in and say can I have Larry please. Previously you just went in and whatever face came, dealt with you. But it is nice now that I know if I need money in the morning, I can go in and say "*now I need Larry*". I think it should be more personal, definitely considering its your wages at the end of the day. It should be more personal than just notes and coins.

Well the only time I had to go into the bank over the last couple of years, was if we had a problem, a problem with our account or a problem with re-payments or something. Not necessarily our fault now, but that was the only time I had to go in. So it has become totally impersonal, Their trying to build up their friendliness and their customer service.
Its all a show you know, it s just pretence.

Q. Does anyone think their interest in you is genuine?

No, I put that off a couple of years ago when I tried to cash my pay cheque in the same bank that I was in, but in a different branch. They refused to cash it, even thought it was a bank of Ireland Cheque. They were insisting that I lodge it into a machine at the back of the bank and that it would be transferred into my own account. I couldn't get at the cash until 3 days later. They really put me off. Basically they were saying they didn't want me in there.

I don't even think they want small customers. I think we're a nuisance. If you owe the bank manager £100 your dodging him, but if you owe him a £1000, he has to dodge you. You know let him be the one that's not sleeping at night. I'm sure you'd get an awful more letters for £100 and he'd be far nicer to you, then when you owe £1000. That's my attitude.

Another time when they are extremely friendly is when they've got the sales pitch. They want you to get set up, as early as they can, they want you to get a visa card, they want to sell you a pension, sell you a mortgagee, and that's ridiculous, like that's just false pretentious really. Sometimes people end up with all these excessive cards and theirs no need for them. One would have done instead of 5. That's banks, they tend to con people into getting all these things. You get these letters saying your a valued customer, longing to offer you this credit card.

Q. So a lot of people are saying that their interest in you is fairly insincere?

Yeah! its totally insincere, but its so huge especially if you look at the 2 or 3 main banks in the country. Their huge, and your just a number to them. Unless you know somebody that you deal particularly with, say if I got that typed out computer letter to say you we them £10 and you haven't paid it, well if you have a person you know, you can ring them up and they say "*don't worry about that, I'll sort it out*" But if you don't have that, is the person interest in you. That's the personal thing.

Its great to know that I won't have a problem, when I have that person.

If you don't have that personal interest, your gone. Your going to keep getting these demanding, insulting letters, despite the fact that you've never failed to give them a re-payment.

At least the government have kind of caught on. When your dealing with a government department, you're told this *is 'Tom, this is who you are going to be deal with it if its an on-going problem'*. But with the bank, you eould go in today, I just had a problem the other day, my lodgement money was put into the wrong account. And I had to go to the bank 4 times and I dealt with 4 different people with my problem, each having to go through the whole thing again, instead of saying "*ok! it was Gerry that was dealing with this and we'll leave it until Gerry comes back, or whatever*". That really annoyed me. It took up an awful lot of time.

Q. Does anyone else have a person? I know Geraldine said she does have a single person that she deals with all the time.

I have half a dozen of the few I know, because I've been going to the same bank since 1985, and their across the way. But that's because I don't do anything by the phone. I actually go in and I've met half a dozen over the years. But I would say its personal if you make it so yourself. I'm not going to get into the paper thing of it, because I'm one of these people that likes to see it stamped. I want a receipt. I want to see it happen. I wouldn't rely yet on plugging in numbers, you know if I can check it out.

Q. So your pretty uncomfortable dealing with the technology side, in terms of....?

I take money out the whole time, but I go in and physieally pay bills. As well as that the whole thing about getting rid of the paper is that, lets say an awful lot of people are going on direct debit, paying their visa, it just automatically happens; whereas If I wanted to, I won't pay it that month until the last day, so their getting money into their accounts more quickly, then the banks are making money out of you. That's the other half of it. They actually make more money out of you then they did before, so if you do everything automatieally, you up their profits, and up your over-draft interests, and that's the way its going.

But if you're saying about trusting technology, a lot of times I fill out my visa when I go into the counter, and their are still a number of people in the bank, one of them I know. And if I pay my visa bill over the counter, he would always say to me "*check that when you get your statement because sometimes it doesn't go through*" So if he doesn't trust technology to rely that it will lodge in that you have paid £50 into your visa, he's telling you to double check it. He does make you feel that little bit insecure about it.

I am anyways, so I would check it anyways, and I used to never check it. But since he started telling me to check it.

With the visa account, once I was going on holidays and I wanted my visa to be cleared before I went, so I paid my holiday on my visa before I got my visa bill. I sent a cheque off to pay my visa bill so that it would be zero by the time I went on holidays. Now I never let it over-run so that interest gets charged on it. I'd rather go into over-draft than do that. So the next thing, I got my visa bill and there was interest on it. I'd actually paid ahead. I paid before the statement came out, so their was interest on it. I rang them up, and it was only a few pounds, but there still should have been no interest when I paid them in advance. So they said "*oh that was computer error*". And I was just wondering, if people that are used to paying interest are able to eop if there was an extra 4 to 5 or £10 added on. It was a computer error that went across the board. So these sort of things, unless your going to check it and.....

Q. I just want to explore it further by saying that would anyone say that their banks do the right thing by them?
That's not a trust thing, it is a technology thing.
Things go wrong.
Not necessarily.
When we took out a loan for a car their recently, we were told right your going to pay so much over the next so many months. When we got the form, it said we had to pay extra over the 21 months. We thought this was crazy. I went into the bank and the person at the other side of the counter gave me a very plausible story, on how we'd acclimatc interest on this, that and the other. In my head I was trying to add up the figures, and I thought we'll be doing well out of this. I had the storey right. We went out and off course it was rejected. So Paul went back in and he checked them all out, and the girl gave him the same story, cause she had been told from head office. So I was saying who should know their figures? Who should know what's going on here?
But they are bankers, aren't they?
They're the ones who should know exactly what each thing is, but I was surprised that the person at the other end of the counter who we're suppose to deal with could not understand what was going on herself.
Q. Do you think that's a trust issue? Does anyone actually trust that the bank.....?
But it is trust. That's a trusting issue, because your trusting that person, because their the person your facing.
Q. Yeah! their the people looking after your money? Does anyone else feel they could trust their bank or is 'trust' a word that anyone would use? Even trust in any sense. They have control over a certain amount of your money. You put in that money. Would you trust that that money would be their, even a low level trust?
Yeah! and I think you would trust your bank that their not going to run off in the middle of the night with your money
Well their are a lot of cases that are like that in the bank.
They do have their problems. but they do cover their duty.
But once you have your own account, your written account, your statements, your deposits of whatever, that is say somebody losses something in the bank, your not going to lose out.
You trust them to re-endorse you.
If you've got the records.
But from an investment point of view, they love to see you coming with a load of money and say that "*I want to put that in a good savings account*". Like we wanted to put money into an account. and we were told theirs really good interest now in this account. After a year their was a few pounds interest, and like we only get that back now. We need to go and debate that and see what's the story, cause it really isn't making any money.
Q But you wouldn't trust them to take your money and give you the best possible deal?
No! they told us they were giving us a very good account, but yet a year on the interest is pittence. Like maybe they'll tell us in 10 years time you might see a difference, but like I was told we were meant to see something huge.
I think they must be one of the worst places to save money with, especially at the moment.
Q. Do you think if your putting in money they would give you the best deal they can?
Best deal they can. but its something rather than you. You go to a post office and they'll give you the best deal they can, which for you is going to be a lot better. But in order for banks to make huge profits, they don't treat their savers as people who.....
Not an ordinary small saver.
I paid out more on bank charges than what I got on interest last year, which doesn't make sense. Every time you use your bank link their is a charge.
Q. Yeah! would anyone feel they've more trust for some institutions like a Credit Union, as opposed to the bank? Or more confident dealing with a Credit Union, that they'd do better by you?
Credit unions are localised. Its based on people and its dealing with the small borrowers. You know the people who want money maybe for a wedding. Its more personal.
It is definitely more personal.
The minute Credit Unions are mentioned its more personal when you think about it. But still their s that old stigma, I think attached to the Credit Unions~'*a poor man bank*'. But nowadays its a huge institution.
But I think maybe when you think back Ann, Credit Unions were small when banks were big. Now banks are bigger, Credit Unions are getting bigger. but are still regarded as small.
But the Credit Union will always guarantee that they will look after you. Whereas if you get into difficult with them, they will help you sort it out. They will send you out letters saying 'ok' whereas the credit unions will say come in and we'll talk about it and see can you pay up this way.
I'm sure if you got into trouble with the credit union, I could imagine them saying '*well look this person has never fallen back before on their own payments, we'll send for....*' and I could see them being a little more personal about it. That would be absent from the banks.
Q Do you think banks cater fully for your needs, actually your financial needs ?
Except when dealing with interest rates.
Q. Why do you think that is ?
Why do you think they're so low?

Q. Yeah! but say you need a loan, and you've been with the bank for several years. Do you think they would be inclined to give you that, or would they be too cautious ?

No, I think they should still be at the level. Once again its this personal thing. You're just a number, and it will never be taken into account that you might have a difficult period, and you need a loan. Whereas I think with the Credit Unions, yes they would. Your a regular saver. I think they would take your personal needs more into account than a big bank.

Q. Does anyone else think their banks would take their needs into account?

No! I would disagree with that, because I've been with the same bank for so long. But I would say they allocate each customer to one person. It has changed to 3 people over the years as they move on. But even the ones at the counter, you get to know them.

Say for example if you were to go looking for a massive loan in the morning, maybe a mortgage, and your bank may not give you the best deal, but out of loyalty would you just take the mortgage from them, or would you shop around?

No, I think I would shop around.

So therefore, their not catering for your needs.

Yeah! I know, but that's big money, so your going to take the best one around.

But surely because you've dealt and saved their for so long, that they should give you the best.

Theirs a standard rule for everybody, it doesn't matter whose been a good customer or if you just joined yesterday, they'll give you the same rate.

Yes (agreement)

Q. Maybe it comes back to the individual then, if you know somebody their, maybe their in a better position?

I was in the same bank, the same branch, as I said since I was about 12 or 13, and I don't know anybody their, cause every time I go in there's a different person there.

Q. Would you like to know somebody their?

Yeah! I would. It would make a difference, but I don't know if it would make a change.

I think that's coming into it quite a bit, and I think one of the problems here is what's called the ' yellow pack workers'. Their a whole crew of these tellers at the counter all the time, and their different every time you go in. The older staff have stepped back and they have all their lower paid workers out at the front, meeting the customer, and their on the own all the time.

I wouldn't even know the bank managers name or who the assistant bank managers is, or anything like that. I know nothing about my bank.

Q.And how do you find staff in general, just on the serviced received from staff?

It is good. Its as personal as going into any shop or business. You're just treated as a customer. Its just a business.

But if you do have these junior workers in their, who actually haven't had the same training as the others, they just don't know what their even selling. They don't even know how the work scheme operates, cause when they started reducing the paperwork, it was a cause of you could go in and with one card take out your money and the other card pay your visa bill. I went up to the counter 3 or 4 times and I ended up with somebody who didn't know this, and I was telling them the facilitates that they had there, cause I had stopped signing for things, because it was a case if getting one receipt for that, get another receipt for that, and out the door you go. They just stamp things and your gone. Nothing to fill out or sign, but I find that their new employees don't know that, and they don't actually understand what's going on and that's possibly why you get 3 different people telling the same story, because their in head office, and head office doesn't really know what the story is. But I just think the new or junior workers are not trained.

Q.So its harder to get what you want from people on the first time?

Unless, I'm always dealing with the same 3 or 4 staff, and their at the counter. But your other point about queing up and all the tellers closed. Years ago what they'd do if they had 6 hatches and their was a Q suddenly all 6 would open, forget the rest of the work; and then they'd close them down as the Q diminished. But now its a case of 2 or 3 open and thats it, regardless of the Q.

And it doesn't matter how many come in, lunchtime means nothing if the que gets longer, they just don't look up. Instead of saying "*OK, I might just pop in here, open up for a few minutes and reduce the que*". But no, they don't.

That's because they have changed their work practice. They now don't close for lunch, and they stay open for longer. But they've changed their work practices. I think in fact that they have to have so much work done before they shut down, or else they stay their.

Q. And how could they improve things with the staff and that? Like what steps do you think they could take? I know all these yellow pack workers so called are coming in at the moment. But what steps could they take to improve things ?

It is just more training. You know their has to be a criteria for everything and all of this comes down from central office. And if you go in and you want X policy, say a loan, it comes up on a screen, which is in standard term. And if you know that person they might be able to say, they can refine it down for you. Your just meeting somebody to know anybody.

They wouldn't go into detail.

There's no deviation, there's no compromise, theirs no give and take at all, so maybe if they trained people more, to be more educated, so when this comes down they can say, well you don't need this, we can alternate this, and give him this. So maybe they just need to train them more.

Q. And do you think that even if that person doesn't know you and they call you by your first name, does that mean anything to anyone, or is it just for show?

I don't think they have the right to call you by your first name when you go into the bank. Your a total stranger . When your name comes up. I think its something you build on. Like if you have a contact name, maybe that's what it boils down too; but these banks should write out and say *'dear Mrs Murphy'* if you do have an inquiry, please contact Ciaran, he's your contact.

That's what I mean.

And if you know unlike yourself, you're in a bank since you were 13 and you still haven't got a contact, whereas I do, and I can walk into the bank this minute, and I might know them all, but I want Larry, and Larry will come to the counter. And I never have to make an appointment or he won't see me. He will always come to the counter. He knows all my dealings. So he can just say if he was busy, this is what's to be done here for Geraldine, and this girl will take over. But the fact that I have this contact name makes it very easy. It really does. I have no crams abut running in or out to the bank, whereas before, you'd run in and "*O its just going to take to long to explain it, just go away*". You could be passed from A to B to C, and at the end of it they still wouldn't know what you want; whereas if you walk in and he knows your account, he knows your dealings, and he's been dealing with you for the last 7 years.

And he will trust you.

He will yeah! I mean I often had referral eharges which were not necessary. And I just picked up the phone and "*Larry these are refusal charges*". " don't worry about that Geraldine, that shouldn't have happened, next statement taken off". That's what you want. You know. Without having how dare they, how dare they put these charges on, this shouldn't have happened. You can take up the phone without any argo, and yeah I see your point their, that's wrong. OK apologise and its sorted.

So your getting a personal service.

Yeah, but I'm the only one in this room whose getting it obviously. so in a sense all you need is a contact name and build the relationship yourself by going into this contact. And if you don't like him, write to the bank manager and ask for somebody else.

That's True.

Q. That personal name on the screen, does anyone else feel....?

I don't feel strongly one way or the other.

I would go to the bank thought.

Q. It doesn't bother you either way?

Well I don't like a total stranger like suddenly saying ' *hello Ann its a beautiful day, you know isn't it'*. I say *'who the hell are you'*.

I kind of feel fair play to them for making the effort. It doesn't exactly say *'oh this is a great bank'*, but they make the effort, fine.

But I think its part of their practice now. Its like America.

Real America, you know *'have a nice day'*. The total insincerity of it. I think if they paid them a commission for each customer, you actually might get on much better with them, because they would have a reason for building up a relationship with you and for keeping you as one of their personal customers. You would probably get a better deal.

Q. You were saying you don't really want too much gains, you want to go in and out. Would you be more inclined towards transactions. You want least hassle?

I deal by phone all the time.

Q. And you'd much prefer that?

The person to person contact doesn't bother me at all.

Q. No? that's opposite to what Geraldine was saying there. Does anyone else just prefer transactions, not to much person interactions, and are happy dealing with things over the phone? like for example would anyone else like to get life insurance or mortgages over the phone? Would anyone be comfortable dealing with these things without actually meeting them face to face?

No, I like to see them.

When. your dealing with money.

Its just computers are doing away with everything else. And if you go into the bank, and you have a query, someone accountable will answer it.

You'll only get X amount of information over a phone, or on a document that would be sent to you. But if your actually looking at someone and saying what about this and what about that.

Q. No-one else would be comfortable dealing with these things over the phone?

(No response)

Q. No one? okay. Do you think they are good, poor or average at communicating to you as a customer?

Theirs certain banks that have sale pitches. They want to give you a loan. The majority of banks that we'd be dealing with would'n t be into that at all. You only hear from them if you owe them something.

I think a new idea they have at the moment in Bank of Ireland is the little scratch card; and when standing their impatiently in the Que., there's different questions on it and if you get 18 points, it says yes you are eligible for a loan, if you meet the criteria. I think it is a good idea because you get 5 points for owning your own home, and your own car, job etc. You say that's fine. Instead of going to the bank manager and saying can I please have a loan, and he says *"Ah go away out of that.* You just don't come close to it". You have no idea that well ok I'm manageable here if I really want one. I thought that was a good idea.

Q. And when their communicating with you as well, do you think their good at communicating bank charges?

No, no! all you get is one sheet of paper with your transactions over the last month, and your interest on it.

I don't ever remember it written down that saying its going to cost you 20p when you take x out, I don't ever remember that once the bank charges are in, that'd cost me.

Off most bills you get from the bank, you get a key at the bank explaining what everything on the bill is. You get your bank statement and the charges are on it, but theirs no statement saying that charge is for this, and this charge is for that.

I think they charge you to hand over your cheque over the counter. They charge you, which is an insult to charge you to lodge your money in their. To actually do that transaction for you, their taking in money and their charging you.

For privilege.

Another thing that actually rattles me, say you have a small deposit and they cashed your cheque that bounced. A foreign cheque that I had once bounced, and they went and took it out of my account, without even consulting me first. And I though that was the height of check that they went near my money.

They took it out of your other account?

They took it out of my account, then they told me they were after doing it.

Q. So it was too late then obviously?

So it wasn't your money therefore, it was their money.

Yeah, say for example their wasn't enough money to cover it, they would have had me in the red straight away, and they'd have charged me for it. When your money goes into the bank it becomes their money.

Basically if they can do that.

I know somebody else that that happened too. A cheque that they were being paid, they lodge it. The bank accepted it and 3 days later it was gone out of their account. Somebody else didn't pay their bill and it had been accepted in the P.E bank. I though it was totally unfair.

Q. And does anyone think that the only direct communication between you and the bank is your bank statement without you going into the bank?

Even the bank statements are hard to come by. I have the card for the last 4 years, and I specifically asked 3 weeks ago for a statement and I never once got a statement about how much was on the account.

I get a regular statement now.

I worked for a firm of accountants that had statements coming all the time, and the one thing that our clients never get are bank statements unless they specifically request them. And at the end of the year they had you for everything else, but they don't have a loan statement or a lease statement or whatever, because they just don't seem to lease these statement unless you ask.

Unless you ask.

I asked for one myself and it took 4 months, once they filled a page. But if it hadn't got to the full page, I don't think it would ever have arrived. only that I asked for it 4 months beforehand.

Q .So you have to be fairly pro-active in looking for information?

Yeah! And most people know their paying off a loan if their in business . But they don't get a bank statement unless they ask for one and some people just don't. They know how much you have in your account, but they don't show you what they charge you. You borrow so much and they have the interest calculated, so you actually borrowed a hugh amount more.

Q. The banks that you are with, I know you've been with them a long time, when your looking for other products from that bank, would you be more likely to get these products from that bank or would you shop around?

It depends on how big the product your looking for is.

Q. And what stage do you think you'd start looking around?

In terms of borrowing?

Q. Yeah, in terms of mortgagees, pension.....?

Mortgages, yeah definitely.

Amean that's why I changed with my bank.

Q. You'd wouldn't feel obliged to stay with that bank to get a mortgage?

No! definitely not.

You can't afford to today. You have to shop around to get what's best for you. Say the Bank of Ireland might have the best mortgage for you, but not for me.

The person in the bank. The chap that I deal with in the bank, when I went in about my house insurance, he told me to go to Trustee & Pensions, and theirs loyalty to the customer and to you. He said to me *"look don't get it off us, theirs who you ask"*. And I went in and he said, your man next door. I though that was fabulous because he wasn't out to

make a quick buek. I still have an account their and he's still making money their, but he's not getting every last penny from me. He was seeing what was best for me, and I was going to save £35 by going next door. And I went next door and got my house insurance.
Would you go back to him again?
Of course I would, but theirs the personal toueh again for me, and I have great trust in him now. Its an awful pity that you can't. But you could shop around, even down to car insurance in this day and age.
Everyone has an offer on, every company has offers, Quinnswrth, Dunnes, so banks have offers (First National). They all try to get customers.
Unless your super rich and £100 here and their doesn't make that much difference, but for 90% of the population, the few pounds are very important
It's good if you threaten to go elsewhere. They give you all kinds of fees if they think you're going to go elsewhere. All kinds of fees all over the place if they think their going to get your business, despite the list of criteria and fees and applications. I was amazed at what I got at the end of the day.
Q. So they offer you to pay a lot higher than you ended up paying in the end?
Yeah! The initial application fee, their was about 3 or 4 different things, and at the end of the day. I said look if you have this, this and this, and give me free banking, I'll get a mortgage. And they did, and 4 years later I'm still not paying a single bank charge.
Q And would they have offered that if you didn't ....?
No.
Q. No?
But I think a lot of people aren't aware that this can happen. We went in and said look we want to clear our car loan, what's the balance. They said £2670. We said look what's the best you can offer us. £2500 they told us. Great. But people don't know that can happen. And we didn't know ourselves until we went out and thought it was a joke. But look what we're after saving for a joke. So they will deal, but people don't realise that they are approachable.
On a one to one.
Yeah!
But that happens in all walks of life, whether it be car insurance, or anything.
Off course most people think the banks wouldn't. They just accept the written statement or word, they don't actual banter.
I think that's a fear of the institution, I mean you're almost subsiding to them. What they say goes.
That's true, definitely.
It goes back to the big institutions in that they have your money. They have a certain power over you. Your the small insignificant.....
Yeah.
You think banks are only for people who are dealing in hundreds of thousands. Big hugh transactions, and your just a small little man.
Q. So they can be flexible if they want?
Oh, obviously they can.
Q. Is flexibility a word that you would use when your describing your dealings ?
Not in my dealings.
Q. Why not, because past experiences?
My banks aren't flexible
Q. But not unless you are flexible ?
Ah! yet but subsequent to that, they have been.
Q. Does anyone else feel you have to be very demanding ? will they look after you, look out for your interests?
Its the same, its business. You don't give anybody anything for nothing. I don't think they provide a charity service. Their out to maximise their own profits. I don't feel I could go into the bank to get a bargain.
No (in agreement)
No there's never a sale on.
With the extra fees you were talking about with any loan, they suddenly have certain add ons and they don't tell you that when you ring them up and ask them for a quote on a price for £1000 or whatever. And when you get their, suddenly its a case of their there and some people get a shoek telling them you didn't quote me that. I don't want to pay it and that's it. Because at one stage with my bank I rang them up and I rang everywhere else and than I rang them and it was a case of "*what does it sound like to you*". "*Well to be quite honest I was quoted lower prices elsewhere*" I said. "*Well what have you had?*". I told them and they said they matched it or go lower. And the other thing they say is that their any extra charge. and they'd say well their is but we'll forget about that. You know that sort of thing.
They do take all these things off t make a deal.
Yeah but you would expect them to make it more lucrative. but they don't. Your dragging the information from them.
Like of course your going to be quoted a higher price than the banks are prepared to take for it. The customer is betrayed and can't deal with things. Since their taking so much for granted when their dealing with us. maybe we should be more educated.

I don't think the banks are places that you feel comfortable in.
No that's right I wouldn't think so.
You do feel a bit inferior.
Maybe a lot of it is, if theirs better communication between the client and the customer, working up to a pattern. They always seem to be up a little step higher at the counter than your side and their in their vary correct uniforms, with their bows on their blouses, standing their typing into this computer, and its "*yes, can I help you, what do you want*"?.
It can be intimating.
Yes, I'd say so.
If you going in for a sum of money, and if you really need that sum of money, it can be intimidating by them if you haven't got somebody that you can go up to and say '*John I want to talk to you about this'*.
Q. It goes back to the personal bit?
I think eommunication just isn't there.
Q. Rounding things together, looking at peoples relationship with their banks, would anyone actually describe their dealings with their bank as a relationship ?
No response.
A lot of shaking heads
No purely business.
Q. So it would be more of a transaction?
Yeah! Well its a customer.
Q. But comparing with your small shop, would you have a better relationship with your small corner shop as opposed to your bank.
Yeah I would.
Well if you think about it in those terms, the major banks don't need you. That's the impression I get, whereas the corner store they need you, their willing to be more friendly, their willing to bend over backwards and get the products you need, and have them in stock for you. But with the banks they tell you what they want.
Again its back to the institutions gone so big. You're only one of many.
Well you see this is it, its all our little transactions that add up, but at the end of the day if somebody went they'd miss us. But this is the way the banks make us feel.
I definitely feel its an inferiority complex as well, dealing with these big institutions. I mean 9 out of 10 times you go into borrow money, so you already at a disadvantage.
Now if I was borrowing money, the way I'd look at it is that their doing bloody well out of this with interest rates. I have absolutely no problem going in.
But I guarantee with a case f100, no deposit, I'm sure. But its the opposite.
That because they make well a lot more out of you then they do out of deposits, a lot more.
But I fecl already at a disadvantage going in borrowing money.
But you shouldn't feel like that.
I suppose I shouldn't.
You should say "*I am going to give you a awful lot of money over the next 5, 10 years, whatever the length of time for the loan. I'm prepared to pay you for this money in return for you giving me a sum today*".
Yeah
But its like going back to wining the lotto, the first thing is the bank managers will be popping the letters in the door. that's when they want you. That's when the banks are about most, when they hear somebody has money and their trying to get you in.
A taxi driver told me a story one night. Their was a big lotto win a year ago, and he lived around the eorner from the driver. And the bank that they put the money into gave them a present of a BMW. That's how much it was worth.
But that makes it wrong then. Really doesn't it.
Yeah!
Q. Going back to the relationship, would anybody want a relationship with their bank?
Not particularly.
I would put it as a relationship with the guy that I deal with in the bank, and I would like it like that always. And if he transfers from his bank, I would change to follow him, because he's always looked after the account so well. And like even to the point where I have a cash-card account and I have to have a lodgement made on a Friday. Now a couple of times I missed it and its been automatically taken from a master plan. To my benefit, if it wasn't I would have ineurred charges. So their again, he looked after me, "*oh something must have happened their again, oh take it out*". So that is what I need and that is what I want. Whcreas he's looking out for me. On my stupidity he looked after me and that's great. That's what everyone should have, so that your not incurring charges because of a mistake
Q. Someone else say they did or would want a relationship if the conditions were right?
Yeah! If you think about it your entrusting your money, say your so long with them. That's hard earned money. You don't want to see it being squandered. Its probably just £3.50. £3.50 because its Friday and your late and your double parked, and then Monday morning, its great. you didn't incur anything because somebody had the know all to say "*ah something happened their, and she hasn't rung me back. we'll transfer*". That's what you want.

That's real personal service.
It is yeah. Its great.
Q. Did you want a relationship Mariea. You would want one?
Oh I would. It would be nice to have somebody that you know in a bank. The only time I found them really friendly was very off-putting. When they were selling insurance, and they used to ring me at night-time. I thought that was very off putting. When they were selling insurance, and they used to ring me at night time. I thought that was very off-putting. 9 or 10 o'clock you'd get this phone call. You're put under pressure. You feeling like saying " *I've things on my mind at the moment, don't bother me. I 'll ring you back in a month*". And they kept ringing me up over a period of time.
That's very cold, desperate.
Q. Would anyone else want or not want a relationship?
I sort of do have one, and I'm happy that I do have some sort of a relationship and I like to have it.
Q. Would that be with the banks again?
With the banks.
Q. With the banks rather than an individual?
Well some individuals. Its just that its became a familiar place to me almost and faces are familiar.
But if that person was leaving, and they have built up a relationship. They can pass your file onto another person who will look after you as well, if they were allocated certain files to look after.
Some banks do that. The bank outside do that. The person that works with me is now in Dublin, and she was a couple of years in Dublin and she got a letter from the bank here, cause she still had her account here, to say X person is looking after your account and if you have any quires, contact him and he'll personally look after you. And she has still 10 years on left her account down here because she knows they will have one person who will look after her. Like we have a friend who works in the bank and sorts out our money. Now I don't know if you'd call that a relationship with the bank, or a relationship with just one person. Well I see it because we 're friends and he's working their and he just takes care of our business for us.
Q. So you would see it with him?
With him more so than the bank.
Q. And I know you were saying your not into the personal element, and your quite willing to deal over the phone. Would you see that as a relationship?
No, its a customer service.
Q. Would you actually want one ?
Shakes her head (No response)
Q. You wouldn't
Not particularly. I mean I have the name so I can ring him, if I have a problem. I do know the names of people in the bank, the person that deals with the mortgage account.
Q. Right! but you wouldn't necessarily see it as a relationship and you wouldn't want one?
No!
I think Susan made a point abut trusting them with your money. I mean I'm trusting the institution in terms of business. I'm not trusting any people or persons within the bank. I'm trusting the set of accounts that make up banks and that they are commercially viable. Buts that nothing to do with the relationship. That's a commercial decision on my part.
But the fact that you ring and ask for the same person that deals with your account continuously, is that not what we've been talking about?
No! I don't deal with him very often.
But still if you have a query.
The name is their if I want him.
But if somebody else just picked up the phone would you deal with him.
I' d say I have a query on my mortgage account. Yeah! it wouldn't bother me to pick up the number, but they'd normally put me through to the assistant manager, or whatever. If their is a mortgage enquiry you don't end up dealing with a stranger.
I've dealt with several different people and I have never had a problem. They all get the problems sorted out fairly quickly. Even changing standing orders. Like they fax me standing order forms, I sign it and it goes back to them. I don't have to go near them. That again is a service, the fact that their prepared to d it.
Their are circumstances that you don't have to give them the time. If you weren't on a 1/2 hour lunch break, working long hours.
Q. Are you completely averse to that? Would you be wanting more personal if you could or are you anti-that?
I'm not anti- it. Its just its not terribly important to me.
Q. Its not ?
I wouldn't have a problem with it at the same time. Its not that I don't want anyone in the bank knowing my business or that kind of thing, its not that I don't want them involved, it's just that it doesn't bother me not to. So long as I get the right information and services as and when I need it, that's what's important to me; regardless whether I deal with 1 or 10 people so long as the issues are sorted out and I get respect, that's what's important to me.

Q. In areas that deals with complex products like life insurance, pensions, mortgages, and financial advice. How does your approach differ when your dealing with these products rather than just dealing with simply loans and deposits? Does the personal element increase then, or is it important that the personal element increases when your looking for those kinds of products?

I'd say it would if you come in for a windfall. Well you would want a lot more service, wouldn't you. But would you go back to the bank if you were looking for financial investment, advice.

Well you'd probably want the advice anyway.

I wouldn't go to our bank.

You'd just want to see what they had on offer.

Yeah! well they do have these finical advisors. Theirs Joe Bloggs. He's sitting at a desk their. I'm sure it would be the first place I'd go.

He's not exactly an independent financial advisor though.

No he's not, he's only doing a sale-mans job and a hard sale at that.

It might not be the first place I'd go to, but I'm sure I'd say I had such and such a place, OK I'll see what he 's got to say. But I would expect, definitely a more personalised service at that stage.

I suppose if I won money in the morning, the first thing I'd think off better go to the bank and see what to do with this. I wouldn't sit down and say I better go to the bank.....I wouldn't know what to reel off in my head. The first thing would be the bank I deal with, and I would go in there and say, what will I do, not necessarily that I'm going to do it, but let them say well this is what's best. Then I'd come out and he might have put things into my head and I'd say "*oh I better go to the building society and see what'll they do for me*". So you would, you'd go for solid advice and you'd have to trust them in the right direction, and not be coned.

I think if I suddenly came into money, I'd probably first go to the building society or go outside a bank.

I would too.

No, I think the bank would be the first place I would go to, not to put it in straight away, but to talk t someone in the bank. If it was a big lotto cheque, I'd put it in the bank and then have a think abut what the banks could offer me short-term, I'd have a think about it.

Think abut what they can offer you to keep it their. But I think when it comes to investments and life insuranee now, some of them have set up their own branches and they have one person working through 3 branches. For example John is in our bank on Monday, Tuesdays and Wednesdays, and if you interested in opening a life insurance package. you'd met this person. So the banks are personalising it at that stage themselves, their trying to make it attractive to you by this one person, and their the ones trying to build up the relationship with you. Their actually reversing the process when it comes to long term investment.

Some people want a relationship investments at a lower level in terms of making an effort at a lower level.

Oh we all would. I'm just saying its a little 2 faced at the bank, whereas their are very off hand with you at one stage, then their very personal at this stage, cause their looking for your money.

Q. Does that bother you or do you think that's OK? Does anyone else think that bothers them?

You're used to it. You just accept it. If you think too much you mightn't like it, or take your money out tomorrow. Business men going out to lunch.

Well that goes n in all businesses. People who are going to use a product will be wined and dined by the sellers for that produet. They buy more so they get less.

Yeah! and the money the banks are using is your money.

Well its not really your money Mariea, Your money never diminishes. Its all the interest and the other charges that we paid the money on. Its their way of making a profit.

Q. Do you think a relationship would become likely as the complex of your products increased in terms of life insurance and pensions. Would you prefer a relationship later on in the stage?, maybe your anti relationship when you go into the ATM or whatever. Like you just want to get it out at that stage, but when your looking for pensions and life insurance, you'd be more willing to build up a relationship?

I suppose you would have a person in particular for insurance policies. Your trying to get the best deal possible, that it will mature at the right time in your life. You need to have trust in the guy your dealing with.

I don't think anybody could go into a bank and be handed a leaflet and say that's what life insurance is about if your interested come back and buy it, and just go home and say I'm going to buy it. You want to talk to somebody.

These people definitely want to get and talk about it.

Yeah and just in case their something that's not on that print that..... so you do not have the personal touch.

Q In finishing up, does anyone think that their are any other elements that are important in a relationship with the banks?

There very faceless, sole-less places. but then again what else could they be.

Q. Yeah! Going back to unless you know a certain person?

Yeah!

I think one thing you did not focus on was the speed of resolution of problems.

Q. Do they deal with your problems quickly?

They do. No I have no problem, but it didn't come out in any of your questions. How quickly do your banks respond to your problems.
Q. Do they actually listen to you when you have a problem?
Well they do actually. They sort it out quickly.
Q. And do people think they do sort it out quickly?
Yeah! They're quick enough.
It depends on who you are talking too. I was given an explanation which was all wrong.
If you hadn't had a mathematician to sort it out. I f someone had to tell me this is X amount, I'd have said " *why*" and they adjusted it.
My master plan. They wrote to me 2 days before Christmas, telling me I was £400 over and above. I knew I didn't. I thought working it out myself, it was £80. They eventually found £250, and I was so relieved that they found this much, that I said " *yes that's fine*". But to this day I'm convinced that if I owe them £80, that was it. That was my own fault for not pursing it further. But that was because I got a shock with the £400. But if they found "250, what more could they have found.
Yeah!

END of Focus Group No. 3

Focus Group 4

How do you feel towards banks in general? Does anyone have any positive or negative feelings? When I mention banks what do you think?
They are part of life.
Do you feel they are necessary?
Yes.
I suppose it depends whether you are in business. Most of us wouldn't be too much involved with banks. I have heard people say that banks are great until you are in debt especially with say a small business. They are grand when you are giving them money but if you fail to repay it they take very serious steps. I don't think they have too much time for people who would default without making a strenuous effort to repay them. I suppose for us people for the general worker they are a necessity. We have somewhere to fall back on if we want a loan for this and for that. My personal view that as a worker I find them OK.
Don't you find that as a worker the amount of money they give you on the money you save and the amount they charge on the amount you borrow there is a hell of a difference.
I suppose the biggest fault I would see with them is that they give out so little on savings and that they charge so much on loans and I don't think that its balanced.
Even the amount of bank charges I feel is crazy. I think its 30p for every time you use the bank card. Whereas if you walk into the bank the transaction ean be done straight away.
But do you recognise the fact that they have to make some type of a profit? I mean they are in a business
They are in a business but the reason they introduced the ATM machine in the first place, they said it was to make it easier for the bank to function as a bank and to leave people who needed money quickly to stay outside the bank. All of a sudden then they are charging 30p, I know it's only a small amount for a transaction that's quick but if you go into a bank your not charged at all. If you have the card nobody wants to take out £200 and walk around town.
(Unclear)
I go into a bank in Parnell street and when I go in for a withdrawal they ask you if you have your card with you and you give it to them and they feed it through the machine and your caught for your 30p straight away.
I may be wrong but when you get your bank statement, they actually charge you more to go inside the door to use the machine. The idea is that they don't want you going in anymore because you are tying up staff. If you use the matching inside the door its cheaper and they don't need staff.
I can't see the point in charging you if you are using your money.
You said banks are part of life. I met a guy on holiday once and he is actually writing a book that suggests that we don't need banks anymore, that going back to the old bartering days. capitalism has taken over and banks are making massive profits. Those yellow pack workers now are taking over.
So maybe we do need banks now they are a necessary evil. Most people if they had a choice would deal directly with building societies. They are legally and technically not banks, they don't demand so much some don't demand so much for their shareholders as banks do.

What I find from banks at the moment is that the personalised toueh is gone. I could walk into the bank and say *could I see Jimmy* and they would say *Jimmy, bodie is down here looking for you come down and see him.* But now they say O he's not here, fill in that form, that's they way it's going now. There is no personalised contact any more.
Is the personal element important to most people?
It is. You can build up trust. Nearly everyone going into a bank knows one partieular person that's who we deal with.
I think with banks if handing in you money or your spending theirs. If your using someone or their using you there has to be some level of personal trust but that's gone.
That's what I find it's slowly dying in the banks.
Just looking at the trust area it's one area that I want to look at. Do you find that the trust is with the person or the bank itself. Would anyone say that they actually trust their bank as opposed to trust a person within the bank?
How eould you trust a bank. It you don't pay you bills we've all heard of people who might have trusted banks but as long as your at the right side of banks you can trust them but they will take your house off you, you know what I mean.
I was sick for 18 months and there was a chap in the bank in Parnell St and for the three days I was in hospital he rang the wife and said not to worry about the mortgage or anything like that until he is back on his feet. But that is gone now. You get a big red letter after a month.
Would anyone else say they trust their bank. Would anyone else feel that they trust their bank?
It all depends on what you owe them. I think you have to trust them. I don't its to do with what you owe them it's all to do with the amount of transactions you have with banks the more chance the have to do you for a penny or two pence. They take a penny or two pence from every account it's a lot of money at the end of the year.
You go into a bank now and your not dealing with the same person all the time. Years ago you'd go to the bank and you were dealing with the same person and see the same faces. Every day now they are changing and going to different branehes being sent to different places.
Especially in the smaller branches. I was reading a case up around Dungarvan on a few occasions where the elderly are likely to have wrong done to them by the banks. They might have maybe four or five thousand pounds and these people tend to forget that they have this money and I don't think the banks are too keen on telling these people *You have so much money dormant in a deposit account you are getting one quarter of a percent.* They are the type of people I wouldn't trust with the banks.
Would you trust that your money would be safe ?
Yes
In terms of in case the bank goes under, at the end of the day if you didn't keep your eyes on things the system would take extra, I wouldn't trust them as such.
It's not the bank that will do you, it's the people working there, but if somebody did do you then the banks would have to stand by that.
I think generally, for people like us they can be trusted. Like we said you have to keep an eye on things, but if your dealing with a lot of transactions I'd hate to think what they could be doing. For people involved in business, I'd say you would want to watch it.
I think individuals are their bread and butter, whereas companies, they would charge individuals like all of us sitting here a lot more per transaction then what they would charge companies.
Then again companies can negotiate, if you have a lot of money going in and out you can negotiate., saying you want this and that whereas if you go in an ordinary way you're eharged all the eharges, mind you it's different now there are so many places where you can say the other bank don't have charges so I'll go to them, you have free banking for a year for example.
The way banks now stand on charges it's like they all got together and said this is what we'll charge, building societies and eredit unions will charge you different but the banks will charge you exactly the same whatever way it goes.
I think that the banks are wakening up to the fact that the credit unions are moving in on them in a big way.
Do you think that the bank is genuinely interested in you as an individual ?
No
Absolutely not.
Only if we won the lotto.
If you want to borrow money off them they are interested in you.
They send out these things every so often don't they buy this if you are a regular customer, but genuinely they are not, maybe people don't make themselves interested, I mean people are just generally ordinary workers who get paid , paypath is it ? where they get paid directly into the bank and you go in and you withdraw so much.
Which they charge you to take your cheque the first place, strange to hear since it's your own cheque,
The only thing the bank would be interested in as you said, in Parnell Street they had an insurance scheme going and anybody came in you would torment them, like if you went in to make a lodgement or withdrawal , would you be interested in doing this deal?, oh I don't know. There's only interest shown when they are selling something, and I felt like it was an invasion of people privacy to be trying to sell insurance over a bank counter. I didn't like it at all.
Does anyone feel they are treated as an individual when they go in ?
No, the personalised touch is gone.

They don't want you in there, they want every electronic thing and they don't want the customers in, electronic is all they want. They just want to have your paypack coming in they can tell how much your paid every month and then work out what you're available for and then you'll get a phone call from some guy in Ark Life or Bank of Ireland to tell you this is what we're giving, they don't want to see you in there.
They will give you all the money at once when you're on the paypath, if you sign that from say in the case that you retire or are made redundant anything that is outstanding particularly a lump sum, they have you caught, they don't care.
Would anyone be comfortable with not having a huge amount of personal contact ? Would anyone just want a ATM just to go in and take out your money with the least amount of hassle as possible or is the personal element important to everyone ?
It wouldn't be important to me now.
I'd go for the ATM, that goes back to an earlier point of why pay to take out your own money, if it was intr0oduced originally to avoid long delays in the bank why then charge for it ? Having said that Banklink suits me., I don't want t be going in there, I'd rather just go to an ATM.
Do you know anyone in the bank that you could talk to if you want to ?
I would yes, I'd know one or two, that's only for being with the same bank for so long.
But it wouldn't bother you either way whether you would have a huge amount of contact with them ?
No not really, if I had no business to conduct in there, I wouldn't go near them.
When I think of my own bank down on the Quay, I've been in the bank since I started work ten years ago and I think I recognise one person that's been there for the last two years.
I'd be the same, I only know them because I've been there so long.
They used to have the same faces there to get to know you but if you ask me it seems the ones that are any good behind the counter are pulled off to get the big money, in other words they are calling to people who can maker bigger profits, they don't want to know the ordinary likes of me anymore because there is only so much they can get out of you whereas they are going for the business, they can put somebody in to paypath just to service you, pay them a maximum of ten grand a year to work their guts off.
What do they do with paypath, just accept the cheque from the company is it ?
Yes, that's all. You're money is paid in every Wednesday or Thursday night, whenever you're paid, that's it, you can draw away from that then.
But they seem to be advertising a lot about these personalised employees, you see on the paper, I won't mention any names, they have available at such a bank and he'd have his photo on the paper, come in and see me.
Does that work though if you want it ?
Yes, I think most people stick with their own bank, they are not effected by the advertising, I've been with Bank of Ireland since I started work , and I'm with Bank of Ireland because of the fact that that's where our pay centre pays our wages, so I have to be with Bank of Ireland.
I think if you are dealing with a bank for long enough you get to know the people, everybody goes in there once a week to withdraw money or cash a cheque or whatever you get to know them.
Getting to know the people in the bank ean create it's own problems, because if you meet people when you are doing transaetion everyday or once a week or whatever, then you meet them out at night, having a few jars you don't want that guy knowing what you put in during the week, how much you took out it does create it's own problems, that's why people are placed from Cork to Waterford and Waterford to Dublin, Waterford to Dundalk or whatever, they don't want to get too personal.
Do you yourself want to get personal ?
No, I personally don't.
In Any situations at all ?
For the reasons I've just said, that I wouldn't like to be out in the night-time and sit down and meet somebody and he knows that I have two hundred pounds in a bank account That's my own personal view.
Jim, you mentioned that you are with your bank since you left school and presumably the rest of you are with your banks for a number of years, would anyone say they feel a commitment to their bank as compared to any other bank ?
I've never thought it to be honest, just when my money goes in there I go in to take them out, there's no commitment there
You probably feel comfortable with it. I think you would feel it, as I said I'm with the same bank since I started working and as I said I know a lot of the people there, they'd laugh now and probably say . I would feel comfortable to be honest.
Would you feel committed though ? Would you see your bank as having major advantages over another bank that keeps you with them ?
It's probably because I'm with them so long that I feel safe with them, I feel comfortable that's the word I'd use. I couldn't see myself walking into another bank and saying, unless they did something and sent you a nasty letter and people after so many years would say well I'm going to change banks. I wouldn't change banks for the sake of changing banks, I feel comfortable with them.

But are banks all the same ?
They are all the same.
One bank offers you , nobody knows we're all stuck with the same banks we put our first pay checks into, but that's because ....Thats a bad thing too.
It might cost a lot of money to switch to another bank ......
It could be a bad thing as well........
But is one bank better than the next ?
It's a habit too, I think if they grab you young, thcy are trying to grab the students with a view to holding on to them, or from the day you start working I think they have you a long time.
Would anyone want to switch if they could get a better deal in another bank ?
I got my mortgage from Bank of Ireland and there was this charge and that charge and charges all over the place, they were charging five hundred pounds a day to get the mortgage, so I have no loyalty to them at all, I'll just have to look after myself..
That's what it's down to.
Twenty years repayment scale and you expect something back from it.
Would you change and say you are getting away from them?
No, because we can't do that at the moment, because we are paying back on it.
Does anyone actively want to switch at the moment ?
No
No
If the credit union had an ATM service, I'd say I personally would.
Do you think you are not getting what you want from your own bank ?
I presume most of the people here are in the credit union, you just walk into the credit union and have a ehat all very friendly, you go in and tell them what you want and make out a thing for you, if that suits you, if it doesn't suit you they'll do out something else for you.
The building societies and eredit unions are starting off like the banks did twenty or thirty years ago, as soon as they get the people in it will be the same as well. Banks have the business so they don't have t be personal with you.
What happened in the big building society who put it to the shareholders was that they were going to become a bank and because of what a bank entailed, the way people see the banks as being sharks, and looking for your money. They decided to remain as a building society. So, maybe the credit union, is not destined to go the same road as the banks.
Because of the constitution I don't think the credit union can become a full Irish bank.
At the end of the day we all know that banks are there to make money.
Does anyone think that banks cater to all your needs? Can you get everything you want from a bank in a satisfactory manner, the way you want to get them?
You can.
They won't take any chances on you
I know someone who was with a bank for twenty years and went for a mortgage with them, he couldn't get it s he went to another place another bank or building society that had never heard of him and they were willing to take as chance. I think that shows that banks overall are very conservative. They want security and everything whereas new places come along and say we'll take a gamble, you'll still need to be working in thirty years and still have a job t pay it off. The bank he was with twenty years turned around and said well look we'll give you then same thing but you are a bit of a high risk we'll give it to you but here's the story.
You pay more and they want this and that. I personally don't think they give all you want.
Does anyone think banks are sympathetic to your problems and you can depend on them ?
They were very sympathetic to me while I wasn't working , bent over backwards for me about a year ago.
You said that was from one individual?
Yes, he did everything he could possible do for me. He was under the impression I wouldn't paid for certain work but I did. He was nice enough to ring me and tell me not to worry about he'd sort it for me
Does anyone else think they can or can't depend on their bank ?
I suppose it depends on whether you are speaking to someone who is in charge. I can quote you a case some time ago we were on call and this particular chap he was out of work and it was during the glass factory strike and the things he told me about banks, now I was very taking aback.
Bad stories ?
Yes, there's no point in quoting the name, but the particular bank they were dealing with was the Ulster Bank on the Quay, I think about a week or two before the strike they changed all the staff in there because they knew the strike was coming and again most of the people in that particular job got everything they wanted because of the fact that they got great money and it was secure employment, but when things got bad. right down from the assistant manager down they changed so when people had problems there was no personal contact so they were screwed and he had people calling to his door threatening him over nine weeks payment on a mortgage and that's the truth. So that's the other side of it.
That's the only side of banks.

Everybody here if they fell on hard times that's what would happen. I wouldn't have ant illusions about banks, they give you this service or that service.
They look for so much that when you falter you're life is gone.
Remember the times when interest rates went sky high, remember the crash, you had to give up 75 % in interest rates , in the space of three or four weeks the interest rates on my mortgage went up five hundred pounds., I went down to the bank with the five hundred pounds and they wouldn't accept it, they wanted to put it onto the end of my mortgage. That extended my mortgage by six months.
They wouldn't take it as a single payment.
No.
Are they not flexible then if you have problems ?
They weren't flexible that incident.
(Unclear)
If interest rates go up they have you to the wall but if they go down they leave it for a month or so to see whether it will effect your mortgage.
It's the same with currency, when interest rates go up they are quick to load it on but when they come down they add it on slower. Its the same with currency, when you saw a couple of years ago what the banks could do, the Bundesbank went bananas the Irish Government sold off millions and millions but that's economics and not banking.
They are all tied up together.
How good are they at communicating e.g. charges and do they give advice on lowering charges ?
Most of the charges are hidden, they are very obscure. They put up a few brochures in the bank.
They send them out with your statement every quarter, In don't think the tellers in the bank actually know what the charges are either.
(Unclear)
It's only in the last year or two I started paying attention to them, until it got to the stage where they were charging so much a quarter to use your ATM I went in to the bank and asked for a list of what everything was costing and worked it out. Without stepping inside the door, paypath , which is my cheque I'm being eharged seventeen pence to cash that, for my money going in there, seventeen pence for the privilege of getting my money in there, it's seventeen pence to take it back out again , it's fourteen outside and seventeen penee if I go inside and to put money from one account t another it's another seventeen. So you wouldn't be long adding up money there. And that's for the privilege f going in to stand there and have someone stamp it from one t the other.
Does anyone else feel they communicate well or poorly e.g. do you get bank statements on a regular basis or would you prefer more communication through bank statements ?
When you go to am ATM and ask for a bank statement, they will send it out to you within a week
Then they charge you for that too !
If you go into the bank on Michael Street they have a statement machine there, seventeen pence for the privilege.
You used to be sent one on a regular basis, but now they've cut it right down, I suppose it cuts down on paper work but if you want an extra one I think it's two pounds..
It's all very well t say that it costs only two pounds but that all adds up at the end of the year, it's your money.
They certainly aren't too interested in telling you what they charge.
They have it written in such a way that it doesn't seem much, but if you work it out at seventeen pence a go, if you took £50 out a day you'd think to yourself that seventeen pence is nothing.
The building societies and credit unions, espeeially building societies, The Irish Permanent are always advertising that they have no charges for bank cards or they have no bank charges for cheque books etc. That's their way of getting back at the banks. If the building societies can do it I don't see why the banks can't. They are making something like fifty million pounds profit.
I wouldn't say there is one factory in Waterford whose wages go to the building society.
People are just stuck with the bank that they are with.
We're probably with them too long.
When I went to get the mortgage I had to change my bank account to get the wages paid in to the building society. our own company couldn't do it because they have a contract with the bank. So I had no choice and had t stay with the bank I don't know if it was the companies fault or the banks, The bank got paid and the company probably got some cut for it. I wasn't important, the company wasn't important but what the bank wanted was important. The customer wasn't. **Would anyone say they have a relationship with their bank ?**
Do you want a relationship with your bank ? Would anyone see their dealings with their bank as a relationship ?
(Unclear)
I'd say it's probably just a way and means of getting your money in and out, it's convenient.
You're going to be paid by cheque one way or another
The older people would probably have a relationship with the bank these people join banks and stay with them for life, it's probably like going to the family doctor or solicitor, I know my father when he's dealing with the bank he deals with one particular bank and if the bank were charging him 100 % it didn't matter, he knew someone in the bank and that

was it, but the younger people have a different outlook they want the best deal and they move around. The older people treated banks with respect whereas the younger people don't.
The only reason some people have a relationship with the bank is if you are going to tap them and are looking for a few bob.
The personal thing went
I think on the personal thing if you know someone it's easier to in to talk to them than somebody who's a complete stranger, but the result would be the same, they would only give you what they can lend you.
People feel a lot better going in to talk to Joe so and so and he knows all about your family and he might be able t advise you better than someone who couldn't give a care, he might be able to say to you that you can't afford that and you should cut it in half whereas another might say we'll give it to you
When I got my mortgage the man put me on an endowment mortgage, I went back to work about two months later and he rang me one day and said to me get down here fast and I went dawn and he said he was taking me off that They screw you to the ground he said, the only reason hc did that was because he was a friend.
That's the point where you have to have a relationship with a bank if you want it but other people won't have that.
Would anyone want a relationship with the bank , Do you think it would improve things?
I don't think so, coming from above if he feels that it's not a good deal to be in for him then they shouldn't be selling those products in the first place. They were pushing this endowment at the time.
The banks should have a policy then.
The banks are they to make money, that's the business they are in but they should be clinical about it, what they sell you should be good enough for you. Only for the personal touch there I would be still on the endowment mortgage and I wouldn't have been any the wiser, you'd still be paying over the DDS.
They'd send you a great lump sum to pay at the end of twenty years and tell you it was yours.
Twenty years would have been worth nothing t you in that case.
Can you have a relationship . even if you want one?
I don't think you can , I think if you go into a bank and meet a terribly nice guy, hc still has to make money out of you, he still has t make the same amount of money from the product that you g into, same as a very abrupt guy but gets straight to the point, both of them still have to make a return on you. They are under pressure t make a return
Do you think you can have a relationship with a single person rather than a bank as a whole ?
No matter who you are dealing with they all have set rules and regulations, all the guide rules are there, the way they treat you may be different but at the end of the day they all give you the same thing even though they treat you different
I don't think they want you to go in and stand there, I really believe they want your money end of story and they want your money going in once a week and that's it, they aren't to interested in you coming in telling them about the holiday ad, they only want your money and that's it. And with that money they get to work with it, it's as simple as that.
You go in there and they give your car loan and your holiday loan and your house loan, and that's what they want out of you, they are not really interested in you.
They want your money and your transactions
If you go into a bar you tap the barman or tap someone beside you or go into a restaurant or somewhere else but if you go into a bank you go in and tell them what you want and they then tell you what they want from you .
With paypath you don't have to go in there at all.
They are taking the people off now, people you would know for years, you go in there and you don't mind standing ten or fifteen minutes because you knew them, but they are all gone now, every few months they change over staff the whole idea is just to get in and out fast.
You're talking as if you regret that
I do regret that but it' s their policy, it's not a policy that I would have, and they are not too interested in it. I think what it comes down to is having a site in the middle of the city that's costing a lot of money and the upkeep of a big building like that, at the end of the day what they would prefer is not to see you at all, but to give you a twenty-four hour a day phone link which would probably be run from an industrial site way up in Cavan someplace where it's costing nothing, with yellow pack staff, that's what they want.
But you want more ?
I'd prefer to walk into a branch and be able to say hello to somebody. It's my money, so I'd like to be able to ask what's happening with it and talk to somebody. All the ads they have partieularly for the major banks they don't say come in and have a chat, they all say ring this twenty four hour number. That's what they want I can ring at three o' clock in the morning but why would I be ringing someone at three in the morning.
They give you a loan over the phone and charge you probably a higher interest rate, you don't have to go through all the hassle of filling out how much I earn where you 're working etc.
I think most people look on the banks and societies as daunting prospect that how I see it , going to a bank means a big place, big money and people who know their jobs.
Someone said to me one time some fella going for a mortgage or whatever it was said you shouldn't be afraid to go in there, at the end of the day it's you who are giving the business to them , if you're going to give the forty r fifty or hundred thousand over the next twenty years they owe you.

Before if you walked into a bank at least you could see someone who you knew who you could talk to instead of seeing blank faces who you can't put a name to.
Someone mentioned telephone banking, is anyone comfortable using telephone banking ?
No, I've never done it.
Has anyone used telephone banking on a regular basis ?
No
Would anyone want to use it ?
No
Even for finding out details of your account ?
I'd like to try it.
Just to see what questions they ask and what collateral they look for, because I can't imagine you ringing up somebody , they have this advertisement for ten thousand pounds in twenty four hours, if you want to buy a car or build an extension or whatever. Obviously they will want to know where you are working , then they have t go back and make enquiries as to are you actually working and get your number. Again I presume they will be direct debit would they?
Yes , I can't see you walking into your bank the next day and saying I was on the phone t some guy and they'd have it in the post the next day. Well they do a credit checking anyway in there.
This is supposed to cut down the costs.
Moving on, you know the different products you use for example life assurance or pensions or mortgages would the bank be the first place that you'd go or would you try other places ?
If I was going for a mortgage I'd shop around, the credit card I went to Bank of Ireland again,
And there again I would definitely disagree because the banks first of all would give me the mortgage, I got my first mortgage in 1983 with the Bank of Ireland and they pushed an insurance policy down my throat and at the time I didn't know any better and if I was going for it again I wouldn't do that. I think it's wrong because once they have you in the business they want to squeeze you. I'd rather have the freedom of going t somebody completely different.
(Turn Tape)
You have to take insurance with the bank because if you default, then only god forbid, you are guaranteed money by life insurance policy.
What's it called is it indemnity.
You don't have to do that with the building society.
Why do the banks do that?
So they'll get their money back from you.
They get the commission. the brokerage fee or whatever.
I think they insist on having it all sorted out under the one roof, it costs the same but I think they have the opportunity to grab people because of the fact that they are getting a loan off them and them make them feel that we have them now so they put them in an awkward position.
I think in the next few years the competition will get bigger and bigger, and give bigger confidence because companies are now getting into, joining with English companies and others such as French companies and they are doing their own , the banks are going to start looking at the labour costs in Ireland because that there biggest boat. Labour costs are absolutely huge and this in turn will go down to the personal touch again. They are going to lose more and more of the personal touch and they will lose customers.
The monopoly position even down t the tax man, even if you had money, if you have a small business, even if you had personal money and wanted to do something with it, you can't use your own money because the tax man wants to know where you got it so you then have to go to a bank and get a loan and pay 7/8/9/10 or 11 % even though you had the money yourself to do it, you can't do it.
If we can just go back to the products we mentioned, would anyone go to their own bank first ?
It's the last place I'd go.
I think that the history of pensions, life assurance etc was that the person came to the door but thats even beginning to come to an end now the used to come every Friday you'd pay some on your mother some on your father some on your sister.
So it was purely personal then?
Yes every Friday you used to see the insurance man
The thing with the banks is that they try to introduce you to more things once they have you they have a captive audience especially with mortgages.
I think that we are naturally suspicious of the bank and we say lets have a look at this thing, this insurance policy or this hospital policy. Your question was would the bank be your first port of call, it wouldn't be but is that the banks fault maybe the banks are offering better products than the insurance company.
You are just suspicious of the bank in the first place and you wont go.
I suppose so.
Could I just ask you because you weren't too interested in going to, you didn't want too much contact with the bank. If you were going for a mortgage or a pension from the bank do you think you would want a lot more personal contact.

If I was going for life assurance I'd go to an insurance company. The only way I'd take out life assurance from a bank would be on their insistence, I wouldn't be mine. Someone said earlier their not going to loose they will cover their own end. But I wouldn't go to them for insurance I'd go to an assurance company.

If you were going to an insurance company then would you be more interested in a personal element?

No I wouldn't. Once it's written down in black and white. What strokes can they pull in this day and age, very few there is too many regulations. Maybe 20 years ago they could pull strokes. I wouldn't be too bothered one way or the other because they are regulated. They have rules that they have t obey. They probably bend them or hide behind them but they can be brought to book. That's why I wouldn't be too worried about having a personal contact with them. I'm only a customer.

I have a Lifetime insurance policy from Ark Life but I find that they are a lot more helpful with that than when you are dealing with your money in there.

You would want more money invested with them.

Yes. From the insurance end of it I would certainly go back to the bank for insurance again. We have a pension in the job from Irish Life. And to get information them it's like trying to get blood from a stone.

All it takes is a ten second phone call and you get all you want from the bank in the post.

How did you approach getting lifetime assurance from the bank. Did you want to go in and have a good chat or.....

Yeah we wanted Lifetime assurance and we went in. They were good they were better than any other thing we could get and we sat down, with some insurance policies you cant read the half of it. It was plain black and white and there was no problem. We get plenty of information every couple of months to see how it was going. I find it very good.

Just rounding off then. What do you think banks could do to improve things.

Close up (Laughing)

What can they do?

I think they could be more open. They should tell people what their charges are for a start. Big notices.

A newsletter every couple of months in plain black and white telling of all charges. The vast majority of people deal with mortgages maybe insurance, standing orders. As you say businesses have their own special rates. What's the bread and butter from the banks is it the ordinary customer. The basic customer I think should be well looked after.

I think if you are there a few years at all you should get better rates. There is nothing. You could be with the bank for one week or twenty years there is no differenee in how you are treated. You are just a customer and that's it. You are computerised.

You say you're a number?

You'rcjust a number and that's it.

If my account suddenly went up to £200,000 you would get a phone call, why don't you come in and see us. That's the difference you know. When you go over so much on the computer I don't know what it is they are alerted. At that stage I would be brought into somebody's office and asked did I want a cup of coffee or a chat. Then they will ask me what I want to do with my money. But if I went in as an ordinary PAYE worker you wont get past the counter. You will be given a yellow pack worker who wont be able to tell you, you have a little bit of money you'd be better off putting it in another account. You wont get that. It's up to you to go to them and the chances are the person behind the counter will say to you, look I'm only here three or four months.

They are the ones with the big systems. They should be able to tell you.

Would you not be suspicious that someone else is handling your money ?

They can tell you exactly what your lifestyle is. They know how much money you have. They know how much you spend in a week they know how much your mortgage is for. They can tell you your lifestyle. They can predict what you are going to do over the next ten years.

People don't generally change that much

They have your standing orders they have your car loans.

Are there any other ideas what they could do to improve things, you mentioned communication.

I think there is no communication

They are only telling you what you know already.

But people don't want any more out of it. I want the least contact as possible and the best deal possible

They are there to make money they are a business.

If they are giving you duff information, that is unprofessional.

You just don't want to feel used (agreement)

They quote APR's and this percent and that percent. I just get fed up with it.

This APR etc should be explained. Eg 12% Apr, this means. This should be done away with it should be up in black and white. this is what you are paying

(Unclear)

One final last question. Could I just ask each person individually, how close do you feel to your bank. Silence Do you feel close, not close very distant.

I think you'd feel it's just a business. My bank's relationship with me is I go in do my business and get out again.

I don't have any personal closeness I don't think of banks like that.

You might be in there so many years and you go in some Friday and your man has been moved. Your case has been changed completely and all of a sudden you don't know anybody. After a while you feel alienated. After a while you get to know someone else so there are on and off times.
I feel that when they change the staff.....
What do you want to do when you go into a bank.. you don't want a cup of coffee.
Some people want to go in Gerry and just talk and say how is it going or whatever. Just hello is enough you don't have to get cups of tea and coffee.
But you should have a choice shouldn't you if you want personal contact.
That's the change of staff. I blame it on the change of staff. You also see these big banks and they put up these big counters.
Can you feel close to a bank at all?
I don't think so
Some of the banks now are very daunting. The Ulster bank on the Quay it's terrible. I think the decor has a lot to do with it.
It looks lovely inside but you go in you have to queue.
Feel close to a bank. I'm good for short answers No!
(Agreement)
Would you like to get closer if you could?
No No Just to the blond working there.
END of Focus Group 4

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